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 8 APPRENTICESHIP COMMITTEE

9 SUPERIOR COURT  
 10 COUNTY OF SACRAMENTO

11 PHCC of The Greater Sacramento Area and )  
 12 PHCC of The Greater Sacramento Area )  
 13 Plumbers Unilateral Apprenticeship )  
 14 Committee, )

15 Petitioners and Cross Real  
 16 Parties in Interest,

17 v.

18 California Apprenticeship Council,  
 19 Respondent.

20 Fresno Area Plumbers, Pipe And  
 21 Refrigeration Fitters JATC,

22 Real Parties in Interest, and  
 23 Cross-Petitioner,

24 Independent Roofing Contractors of  
 25 California Unilateral Apprenticeship  
 26 Committee,

27 Petitioner,

28 v.

29 California Apprenticeship Council, Max  
 30 Turchen, Carole Cresci Colbert, and Brad L.  
 31 Plueger, in their official capacity,

32 Respondents.

33 10 Bay Area Counties and Southern  
 34 California Roofers and Waterproofers Joint  
 35 Apprenticeship Training Committee,

36 Real Parties in Interest

Case No. 01CS01172 and 01CS01183  
 (consolidated)

**PHCC-GSA AND PHCC-GSA-PUAC'S  
 MEMORANDUM OF POINTS AND  
 AUTHORITIES IN SUPPORT OF PETITION  
 FOR WRIT OF ADMINISTRATIVE  
 MANDAMUS OR MANDATE**

Date: May 3, 2002

Time: 1:30 p.m.

Dept.: 31

Judge: Honorable Talmadge Jones

Petition filed: August 15, 2001

TABLE OF CONTENTS

	<u>Page #</u>
1	iii-v
2	1
3	2
4	5
5	7
6	10
7	12
8	12
9	12
10	13
11	13
12	13
13	13
14	14
15	16
16	18
17	18
18	22
19	22
20	22
21	22
22	22
23	22
24	22
25	22
26	22
27	22
28	22

1	B. CAC'S DECISION THAT THE ADDITION OF NEW SOURCES OF	
2	RELATED AND SUPPLEMENTAL INSTRUCTION CONSTITUTED	
3	A "NEW" PROGRAM SUBJECT TO SECTION 212.2 IS CONTRARY	
4	TO LAW AND IS NOT SUPPORTED BY THE FINDINGS OR THE	
5	EVIDENCE .....	25
6	1. CAC'S RULING THAT THE ADDITION OF NEW SOURCES OF	
7	RELATED AND SUPPLEMENTAL INSTRUCTION CONSTITUTES	
8	A NEW PROGRAM IS NOT SUPPORTED BY THE	
9	ADMINISTRATOR'S FINDINGS OR THE EVIDENCE	
10	IN THE RECORD .....	26
11	2. CAC'S DETERMINATION THAT THE ADDITION OF NEW	
12	SOURCES OF RELATED AND SUPPLEMENTAL INSTRUCTION	
13	CONSTITUTES A NEW PROGRAM SUBJECT TO SECTION 212.2	
14	SHOULD BE OVERRULED ON ESTOPPEL GROUNDS .....	28
15	C. CAC'S HOLDING THAT THE 1998 REVISIONS TO PETITIONERS'	
16	STANDARDS CONSTITUTED A NEW PROGRAM BECAUSE PHCC	
17	RECRUITED APPRENTICES OUTSIDE SACRAMENTO COUNTY	
18	UNDER A DIFFERENT NAME IS CONTRARY TO LAW AND IS NOT	
19	SUPPORTED BY THE EVIDENCE .....	31
20	D. CAC'S ORDER PROHIBITING PETITIONERS' FROM ENROLLING	
21	NEW APPRENTICES WHO RESIDE OUTSIDE SACRAMENTO COUNTY	
22	IS CONTRARY TO LAW AND IS NOT SUPPORTED BY THE FINDINGS	
23	OR THE EVIDENCE .....	32
24	E. CAC'S ORDER THAT PETITIONERS CEASE RECRUITING AND	
25	ENROLLING APPRENTICES WHO RESIDE OUTSIDE SACRAMENTO	
26	COUNTY UNLAWFULLY DISCRIMINATES ON THE BASIS OF	
27	RESIDENCE .....	34
28	III. THE COURT SHOULD ISSUE A WRIT OF MANDATE DIRECTING CAC	
	TO SET ASIDE ITS JULY DECISION AND RESTORE PETITIONERS'	
	1998 STANDARDS BECAUSE CAC FAILED TO GRANT PETITIONERS	
	A FAIR TRIAL IN THAT THE INSTANT DISPUTE WAS NOT HEARD	
	BY AN IMPARTIAL TRIBUNAL .....	36
	A. THE MAJORITY OF CAC MEMBERS WHO PARTICIPATED IN THE	
	JULY 26, 2001 DECISION WERE BIASED MEMBERS OF CACA,	
	WHO APPEARED AS AMICUS ON BEHALF OF FRESNO PLUMBERS	
	JATC .....	36
	B. CAC IS NOT AN IMPARTIAL TRIBUNAL IN THAT A MAJORITY	
	OF ITS MEMBERS REPRESENT UNION APPRENTICESHIP	
	PROGRAMS IN DIRECT COMPETITION WITH NON-UNION	
	APPRENTICESHIP PROGRAMS LIKE PETITIONERS' .....	39
	C. THE STATUTORY PROVISIONS AUTHORIZING CAC TO	
	ADJUDICATE PROGRAM APPROVAL DISPUTES CONSTITUTES	
	AN UNLAWFUL DELEGATION OF JUDICIAL POWER TO AN	
	ADMINISTRATIVE AGENCY .....	43
	CONCLUSION .....	44

## TABLE OF AUTHORITIES

## FEDERAL CASES

<i>Associated Builders &amp; Contractors, Inc. v. Reich</i> (D.D.C. 1997) 963 F. Supp. 35 ) .....	22
<i>Associated General Contractors v. Smith</i> (9th Cir. 1996) 74 F.3d 926 .....	11
<i>California DLSF v. Dillingham Construction</i> (1997) 519 U.S. 316 [117 S.Ct. 832] .....	2, 3, 11
<i>Energy Reserves Group v. Kansas Power &amp; Light Co.</i> (1983) 459 U.S. 400 [103 S.Ct. 697] .....	23, 24
<i>Gibson v. Berryhill</i> (1973) 411 U.S. 564 [93 S.Ct. 1689] .....	40, 41, 43
<i>Hicklin v. Orbeck</i> (1978) 437 U.S. 518 [98 S.Ct. 2482] .....	34
<i>United Building and Construction Trades Council v. City of Camden</i> (1984) 465 U.S. 208 [104 S.Ct. 1020] .....	34

## STATE CASES

<i>20th Century Insurance Co. v. Superior Court</i> (2001) 90 Cal. App. 4th 1247 [109 Cal.Rptr.2d 611] .....	23
<i>American Isuzu Motors, Inc. v. New Motor Vehicle Board</i> 186 Cal. App. 3d 464 [230 Cal.Rptr. 769] .....	42, 43
<i>American Motor Sales Corp. v. New Motor Vehicle Board</i> (1977) 69 Cal. App. 3d 983 [138 Cal.Rptr. 594] .....	41, 42
<i>Applebaum v. Board of Directors</i> (1980) 104 Cal. App. 3d 648 [163 Cal.Rptr. 831] .....	36
<i>Armistead v. State Personnel Board</i> (1978) 22 Cal. 3d 198 [149 Cal.Rptr. 1] .....	16
<i>Carpenter v. Carpenter</i> (1987) 188 Cal. App. 3d 604 [231 Cal.Rptr. 783] .....	23, 24
<i>Chevrolet Motor Division v. New Motor Vehicle Board</i> (1983) 146 Cal. App. 3d 533 [194 Cal.Rptr. 270] .....	42
<i>County of Alameda v. City of San Francisco</i> (1971) 19 Cal. App. 3d 750 [97 Cal.Rptr. 174] .....	34
<i>Danekas v. San Francisco Residential Rent Stabilization and Arbitration Bd.</i> (2001) 95 Cal. App. 4th 638 [115 Cal.Rptr.2d 694] .....	23

1	<i>Le Strange v. City of Berkeley</i>	
2	(1962) 210 Cal.App.2d 313 [26 Cal.Rptr. 550]	44
3	<i>Lee v. Board of Administration of PERS</i>	
4	(1982) 130 Cal. App. 3d 122 [181 Cal.Rptr. 754]	19
5	<i>Lusardi Construction Co. v. Aubry</i>	
6	(1992) 1 Cal. 4th 967 [4 Cal.Rptr.2d 837]	19, 28
7	<i>Mobile Oil Corp. v. Rossi</i>	
8	(1982) 138 Cal. App. 3d 256 [187 Cal.Rptr. 845]	24
9	<i>Nissan Motor Corp. v. New Motor Vehicle Board</i>	
10	(1984) 153 Cal. App. 3d 109 [202 Cal.Rptr. 1]	42
11	<i>People v. Sun Pacific Farming Co.</i>	
12	(2000) 77 Cal. App. 4th 619 [92 Cal.Rptr.2d 115]	44
13	<i>Southern California Chapter of ABC v. CAC</i>	
14	(1992) 4 Cal. 4th 422 [14 Cal.Rptr. 2d 491]	3, 21
15	<i>Tidewater Marine Western, Inc. v. Bradshaw</i>	
16	(1996) 14 Cal. 4th 557 [59 Cal.Rptr.2d 186]	16
17	<b>FEDERAL STATUTES</b>	
18	29 C.F.R. § 29 et seq	2
19	29 C.F.R. § 29.3(g)	3
20	29 C.F.R. § 29.2(k)	3
21	29 C.F.R. § 29.5	3, 27
22	29 C.F.R. § 29.12	2
23	29 U.S.C. § 50	2, 21
24	U.S. Const. art. 4, § 2, U.S. Const. art. 1 § 8	34
25	<b>STATE STATUTES AND REGULATIONS</b>	
26	Cal. Code of Civ. Proc. § 1094.5(b)	12
27	Cal. Const., art. I, § 15	32
28	Code Civ. Proc. § 431.20(a)	10
	Code Civ. Proc. § 1085	7, 35
	Gov. Code § 11340 et seq	15
	Gov. Code §§ 11346.2, 11346.4, 11346.5, 11346.8, 11346.9, 11347.3	15

1	Cal. Code Regs., tit. 8, § 208(c).....	25
2	Cal. Code Regs., tit. 8., § 212 ..	4, 27
3	Cal. Code Reg., tit. 8., § 212.2 ...10, 11, 13, 14, 15, 16, 17, 18, 20, 22, 24, 25, 28, 30, 45	
4	Cal. Code Reg., tit. 8., § 212(b)(2).....	5, 26, 27
5	Cal. Code Reg., tit. 8., § 215 .....	11, 14
6	Cal. Code Reg., tit. 8., § 215(i) .....	5
7	Lab. Code § 3070 .....	2, 3, 10, 17, 21, 39
8	Lab. Code § 3071 .....	2
9	Lab. Code §§ 3073 .....	3
10	Lab. Code § 3075 .....	10, 11, 13, 17, 20, 21, 30, 43, 45
11	Lab. Code §§ 3082 .....	3

#### MISCELLANEOUS

11	Witkin, Summary of Cal. Law (9 <sup>th</sup> ed. 1990) Equity .....	32
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### INTRODUCTION

Boiled down to its simplest terms, this case is just one in a long line of attempts by union apprenticeship programs to challenge the right of non-union apprenticeship programs to train apprentices in the State of California and to quash any non-union competition in the field of apprenticeship training; it is not the first such case and it certainly is not the last.

Historically, union programs dominated apprenticeship training in this state and have fought against the development of non-union programs in an effort to defend a jealously guarded monopoly on apprenticeship training. However, because a majority of the building and construction trades in California are non-union, non-union building contractors saw a need to develop their own apprenticeship programs in building trades such as plumbing, heating and cooling, electrical and roofing. Beginning in the early 1990's, these contractors formed unilateral apprenticeship training committees to sponsor non-union apprenticeship programs and sought state approval to operate in limited geographic areas. As the need for apprenticeship training on a broader basis grew, these apprenticeship programs sought and properly obtained state approval to operate on a statewide basis. The petitioners in this case, Plumbing, Heating and Cooling Contractors of Greater Sacramento Area (hereafter "PHCC-GSA") and Plumbing, Heating and Cooling Contractors of Greater Sacramento Area Plumbers Unilateral Apprenticeship Program (hereafter "PHCC-GSA-PUAC" or "PUAC") and the petitioner in the consolidated action, Independent Roofing Contractors of California Unilateral Apprenticeship Committee (hereafter "IRCC") are two such non-union apprenticeship programs.

As the evidence in the Administrative Record in this case establishes, despite the fact that Petitioners relied on and followed the advice of long-term, apolitical civil service employees of the state Division of Apprenticeship Standards in obtaining proper approval to expand its program statewide, that approval was challenged by Real Party in Interest Fresno Area Plumbers, Pipe and Refrigeration Fitters JATC (hereafter "Fresno Plumbers JATC"), a union apprenticeship program, and has been overturned by the California Apprenticeship Council. The California Apprenticeship Council is a state agency staffed with Gray Davis appointees who are, to say the least, avidly pro-union and whose personal and financial interests are directly hostile to Petitioners' interests in this case. The action taken by the California Apprenticeship Council in this case is completely arbitrary and contrary to established policy and would

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1 be inexplicable if it weren't for the obvious conflict of interest between the council members - most of  
2 whom are affiliated with joint (union) apprenticeship programs - and non-union apprenticeship programs  
3 like Petitioners'. To the detriment of hundreds of hard working apprentices, Petitioners' apprenticeship  
4 program has been caught in a blatant political power play.

#### 5 BACKGROUND - REGULATION OF APPRENTICESHIP TRAINING

6 Apprenticeship training is regulated at both the federal and state levels. At the federal level, the  
7 Fitzgerald Act, enacted by Congress in 1937, empowers the United States Secretary of Labor to promote  
8 standards necessary to safeguard the welfare of apprentices. (29 U.S.C. § 50) (attached hereto as Exhibit  
9 1). The Fitzgerald Act is implemented through a detailed set of regulations found at Title 29, Code of  
10 Federal Regulations, sections 29.1- 29.13 (attached hereto as Exhibit 2). Among other things, these  
11 regulations provide for the registration, cancellation and de-registration of apprenticeship training  
12 programs by the Department of Labor, Bureau of Apprenticeship Training (BAT). (29 C.F.R. § 29 et  
13 seq.).

14 The federal regulations also allow BAT to delegate approval power to states which have enacted  
15 apprenticeship laws in compliance with federal standards. (29 C.F.R. § 29.12). Thus, apprenticeship  
16 programs may be approved either by BAT or an authorized State Apprenticeship Council (SAC).  
17 California has been certified by BAT as a SAC state since 1978. (*California DLSE v. Dillingham*  
18 *Construction* (1997) 519 U.S. 316, 320 [117 S.Ct. 832]).

19 In California, apprenticeship training is governed by the Shelley-Maloney Apprenticeship Labor  
20 Standards Act of 1939 (Shelley-Maloney Act), which is codified at California Labor Code section 3070  
21 et seq. The Shelley-Maloney Act established the California Apprenticeship Council (CAC) as  
22 California's SAC for federal purposes. (Lab. Code § 3070). Of the CAC's 17 members, 14 are  
23 appointed by the Governor of the State of California for four year terms. The remaining three members  
24 are ex officio members representing the Chancellor of the California Community Colleges, the  
25 Superintendent of Public Instruction and the Director of the Department of Industrial Relations. (Lab.  
26 Code § 3070).

27 Among other things, the CAC's duties are to promulgate regulations relating to apprenticeship  
28 (Labor Code § 3071); these regulations are found at California Code of Regulations, title 8, sections 200



1 et seq.. Pursuant to the Fitzgerald Act, the Secretary of Labor has promulgated apprenticeship program  
2 standards (29 C.F.R. § 29.5); California has adopted its own apprenticeship standards that are supposed  
3 to be "substantively similar" to the federal standards. (*Dillingham, supra*, 519 U.S. at p. 320). The  
4 CAC uses its own standards whether approving an apprenticeship program for federal or state purposes.  
5 (*Id.* at p. 321).

6 Pursuant to the Shelley-Maloney Act, apprenticeship training is administered by the Division of  
7 Apprenticeship Standards (DAS) which is under the auspices of the Department of Industrial Relations  
8 (DIR). (Lab. Code § 3073). The Director of DIR serves as the Administrator of Apprenticeship. DAS  
9 is headed by a Chief, who is appointed by the Governor, and whose duties include the approval of  
10 applications for programs to train apprentices. The Chief DAS serves as the secretary to the CAC and  
11 the CAC's duties include hearing appeals from decisions of the Chief DAS. (Lab. Code §§ 3073, 3082).

12 To register a program with either the BAT or a SAC, a program sponsor may designate an  
13 apprenticeship committee to administer the program. An apprenticeship program in California may be  
14 sponsored by an individual employer, an individual labor union, a group of employers, a group of labor  
15 organizations, or by a joint management-labor venture, *i.e.* a joint apprenticeship committee. (Lab. Code  
16 § 3075).

17 Although neither federal nor state approval is required for a sponsor to operate an apprenticeship  
18 program, such approval enables the program to receive financial subsidies and allows the program to pay  
19 its apprentices less than the prevailing journeyman wage on public works projects. (29 C.F.R. § 29.2(k);  
20 Lab. Code § 1777.5). In addition, an apprentice who completes an approved training program obtains a  
21 certificate of completion naming him or her a skilled journeyman in the chosen trade, which increases  
22 the apprentice's marketability, as well as the marketability of his/her employer contractor. (*Southern*  
23 *California Chapter of ARC v. CAC* (1992) 4 Cal.4th 422, 429 [14 Cal.Rptr.2d 491], citing 8 C.C.R. §  
24 224).

25 Pursuant to the federal Fitzgerald Act, regardless of who administers an apprenticeship program,  
26 it must conform to the applicable regulatory standards and any modification or change to a registered  
27 program first must be submitted to the appropriate agency for approval. (29 C.F.R. § 29.3(g)). CAC  
28 possesses the primary approval authority in California. Pursuant to CAC regulations, "apprenticeship

1 programs shall be established by written standards approved by the Chief DAS." (Cal. Code Regs., tit.  
2 8., § 212). The information that must be contained in a program's apprenticeship standards is set forth  
3 in detail in the California Code of Regulations, title 8, section 212 and the procedures for obtaining  
4 approval of an apprenticeship program are set forth in the California Code of Regulations, title 8, section  
5 212.2.

6 In order to enroll in a state approved apprenticeship program, an apprentice must, inter alia, enter  
7 into an "Apprentice Agreement" (aka "DAS-1 form") with the program. Among other things, the  
8 apprentice agreement states that "The undersigned parties mutually agree that they will use their best  
9 endeavors to secure employment and training for the apprentice. . . The provisions of the Apprenticeship  
10 Standards for the above occupation adopted by the employer and/or the union and/or the apprenticeship  
11 committee and approved by the Chief of the Division of Apprenticeship Standards, are hereby made a  
12 part of the agreement." (Administrative Record (hereafter "A/R - Correspondence" - Bates Nos. 0946-  
13 0947). The Apprentice Agreement must be approved by DAS. (*Id.*).

14 Once enrolled in a program, apprentices are trained in two different venues: (1) they receive on-  
15 the-job training via employment with contractors in the appropriate trade and (2) they receive classroom  
16 instruction from skilled instructors, aka "related and supplemental instruction" (R&SI). In order to  
17 employ apprentices through a state approved apprenticeship program - and to be able to pay less than the  
18 journeyman prevailing wage on public works jobs - the contractor and the apprenticeship program  
19 committee must sign an "Agreement to Train Apprentices" (aka "DAS-7 form") whereby the employer-  
20 contractor agrees to "train apprentices in the designated occupation in accordance with the  
21 apprenticeship standards and apprentice agreement." (Administrative Record - Exhibits from  
22 Proceedings Before the Administrator of Apprenticeship of the State of California (hereafter "A/R -  
23 Exhibits"), Vol. I, Tab No. 1, Ex. H-3, Bates Nos. 0022-67). The agreement also must be approved by  
24 DAS. The apprenticeship program makes arrangements to provide related and supplemental instruction  
25 to apprentices via written agreements with educational institutions - usually school districts or adult  
26 schools - referred to as "local education agencies" (LEA's). (A/R Exhibits, Vol. II, Tab No. 3, Ex. RP-4,  
27 Bates Nos. 0505-560).

28

501

CASE BACKGROUND

On December 20, 1993, DAS approved the apprenticeship standards of PHCC-GSA-PUAC (hereafter "1993 Standards"). (A/R - Exhibits, Vol. I, Tab No. 1, Ex. H-4, Bates Nos. 0068-115). At that time, section 212(b)(2) of the CAC Regulations, California Code of Regulations, title 8, section 212(b)(2)<sup>1</sup>, provided that apprenticeship program standards were required to state the "party or parties to whom the standards apply and the geographic area. . ." for equal employment opportunity (EEO) purposes. (A/R - Exhibits, Vol. II, Tab No. 3, Ex. RP-1, Bates Nos. 0174-0175). Articles III and XX of the 1993 Standards identified Sacramento County as PHCC-GSA-PUAC's geographic area for EEO purposes. (A/R - Exhibits, Vol. I, Tab No. 1, Ex. H-4, Bates Nos. 0070, 0077).

In 1995, Section 212(b)(2) was amended to require apprenticeship program standards to state "the parties to whom the standards apply and the program sponsor's labor market area, as defined by Section 215 appendix 2(f), for purposes of meeting equal employment opportunity goals in apprenticeship training." (A/R - Exhibits, Vol. II, Tab No. 3, Ex. RP-2, Bates Nos. 0176-0177). Section 215(f) defines "labor market area" as "(1) the geographical area from which the program sponsor normally draws upon for its work force and for which statistics are gathered; or (2) any other geographical boundary for which statistics are gathered, that can be reasonably justified and agreed to by the Agency."

Starting in September, 1996, PHCC-GSA-PUAC sought to expand its labor market area, initially, to Kern, Kings and Tulare counties and, ultimately, to all 58 counties in California. At all times during PHCC-GSA-PUAC's geographical expansion effort, PHCC-GSA-PUAC worked closely with Leonard Viramontes, the DAS consultant assigned to work with Petitioners' program. Mr. Viramontes advised PHCC-GSA-PUAC on the proper procedures to follow in seeking expansion and informed PHCC-GSA-PUAC that it was DAS policy to process geographic expansions as revisions to existing programs, not as new programs. (Administrative Record - Transcript of Proceedings Before the Administrator of Apprenticeship of the State of California - May 17, 2002 (hereafter "5/17/00 TR") at 177:1-6; Administrative Record - Transcript of Proceedings Before the Administrator of Apprenticeship of the

<sup>1</sup>All further regulatory references are to the California Code of Regulations, title 8, unless otherwise indicated.

1 State of California - July 19, 2000 (hereafter "7/19/00 TR") at 50:9-15; 55:5-56:3). This meant that  
2 certain procedures required for DAS approval of new apprenticeship programs did not have to be  
3 followed. Over a 16 month period, Mr. Viramontes himself drafted numerous revisions to PHCC-GSA-  
4 PUAC's standards and submitted them to DAS headquarters seeking to expand PHCC-GSA-PUAC's  
5 area of coverage through a revision to its existing apprenticeship standards. (7/19/00 TR at 12:1-13:2;  
6 50:9-52:16; A/R Exhibits - Vol. II, Tab No. 3, Ex. KP-3, Bates Nos. 00189-00504).

7 On January 22, 1998, Rita Tsuda, the Acting Chief DAS, approved the revised apprenticeship  
8 standards of PHCC-GSA-PUAC (hereafter "1998 Standards"). (A/R Exhibits - Vol. I, Tab No. 1, Ex. H-  
9 6, Bates Nos. 0117-159). Article III of the 1998 Standards, entitled "Organization", was revised to read,  
10 inter alia, "There is hereby established the PHCC OF THE GREATER SACRAMENTO AREA  
11 PLUMBERS UNILATERAL APPRENTICESHIP COMMITTEE . . . , operating in and covering the  
12 State of California . . ." (*Id.* at Bates No. 0120). Article XX of the 1998 Standards was revised to read  
13 "Approved Area Coverage: throughout the entire state of California . . ." (*Id.* at Bates No. 0140).

14 Well before DAS approved the 1998 Standards expanding PHCC-GSA-PUAC's program  
15 statewide, in fact as early as 1996, Mr. Viramontes advised PHCC-GSA-PUAC that, although it could  
16 not recruit apprentices outside Sacramento County under its original standards, apprentices could be  
17 employed and receive related and supplemental instruction outside Sacramento County as long as the  
18 employer-contractor was a signatory to PHCC-GSA-PUAC's standards and a local education agency  
19 (LEA) was properly established in the remote area of instruction. (5/17/00 TR at 184:12-185:5; 7/19/00  
20 TR at 47:24-49:12). In accordance with Mr. Viramontes' advice, PHCC-GSA-PUAC registered  
21 employers located outside Sacramento County with its apprenticeship program and established LEA's in  
22 several counties outside Sacramento to provide related and supplemental instruction to apprentices  
23 employed on nearby jobsites. Prior to January, 1998, Mr. Viramontes was well aware of the fact that  
24 apprentices registered with the PHCC-GSA-PUAC program were employed and receiving related and  
25 supplemental instruction outside Sacramento County. (5/17/00 TR at 182:6-16; 7/19/00 TR at 63:22-  
26 64:6). Mr. Viramontes never informed PHCC-GSA-PUAC that this practice was in any way violative of  
27 DAS policies or procedures. (5/17/00 TR at 182:20-184:6). Indeed, during that time period, Mr.  
28 Viramontes performed two (2) audits of the PHCC-GSA-PUAC program and specifically found that it

1 was in compliance with all applicable statutes and regulations. (7/19/00 TR at 64:10-25).

2 PROCEDURAL HISTORY

3 On or about February 24, 1998, two members of Fresno Plumbers JATC filed a Verified  
4 Amended Petition for Writ of Mandate and Verified Amended Complaint for Declaratory and Injunctive  
5 Relief and Restitution in the Sacramento County Superior Court (*Ward, et al. v. PHCC, et al.*,  
6 Sacramento County Superior Court Case No. 97 CS 03102), alleging, inter alia, that DAS's approval of  
7 Petitioners' 1998 Standards was unlawful and seeking a writ of mandate under Code of Civil Procedure  
8 section 1085 preventing Petitioners from operating their apprenticeship program outside Sacramento  
9 County. The matter was assigned to the Honorable Ronald B. Robie. Petitioners demurred to the writ of  
10 mandate claim on the grounds that, inter alia, plaintiffs had failed to exhaust their administrative  
11 remedies. On June 26, 1998, Judge Robie granted the demurrer without leave to amend on the grounds  
12 that plaintiffs had failed to exhaust their administrative remedies.

13 In September, 1999, Fresno Plumbers JATC filed a Complaint Against Apprenticeship Program  
14 against Petitioners with the Administrator of Apprenticeship alleging, inter alia, that DAS's January,  
15 1998 approval of "new" apprenticeship standards for Petitioners covering all counties of the State of  
16 California was improper because DAS failed to follow the regulatory procedures for approving "new"  
17 apprenticeship programs in connection therewith and that, prior to the 1998 approval, Petitioners had  
18 operated outside Sacramento County in violation of their own standards and in excess of the  
19 authorization granted by DAS. (Administrative Record - Pleadings & Briefs Filed with the  
20 Administrator of Apprenticeship in Connection with Fresno Plumbers JATC's Complaint Against  
21 Apprenticeship Program - DAS Case No. 97-17 (hereafter "A/R - Pldgs. filed w/ Administrator"), Tab  
22 No. 1). At the same time, Fresno Plumbers JATC filed an Appeal of Approval of Statewide  
23 Apprenticeship Standards with CAC on similar grounds. (Administrative Record - Pleadings and Briefs  
24 Filed in Connection with the Parties' Appeals to the California Apprenticeship Council (hereafter  
25 "Pldgs. filed w/ CAC"), Tab No. 1).

26 By letter dated July 21, 1999, Stephen J. Smith, the Director of DIR, who also serves as the  
27 Administrator of Apprenticeship (hereafter "Administrator" or "Director"), set the matter for hearing and  
28 identified the issues to be tried as follows: "(1) whether expansion of the program statewide is

1 effectively a new program; and (2) the provision of related and supplemental instruction on a statewide  
2 basis." (A/R - Correspondence), Bates No. 0884).<sup>2</sup> The Administrator designated Martin Fassler, an  
3 employee of the Office of the Director Legal Unit, to act as the designated hearing officer in this case.  
4 (A/R - Correspondence, Bates No. 0885-0886).

5 In the fall of 1999, the California Apprenticeship Coordinators Association (CACA) made  
6 formal written requests to the Hearing Officer to participate in the proceedings as amicus curiae in  
7 support of Fresno Plumbers JATC. (A/R - Correspondence, Bates No. 0935; 0948). CACA is a self-  
8 professed non-profit corporation made up of representatives from every union apprenticeship committee  
9 in the building trades in California. By letter dated December 7, 1999, the Hearing Officer informed  
10 CACA that, although amicus curiae status was not appropriate for such an informal hearing process, "we  
11 recognize the California Apprenticeship Coordinators Association may have an interest in the specific  
12 matter of in the issues raised." Thus, the Hearing Officer offered to provide CACA with copies of all  
13 documents exchanged in the case and thereafter allowed CACA to participate at all levels of the  
14 administrative proceeding, including filing briefs in support of Fresno Plumbers JATC. (A/R -  
15 Correspondence, Bates No. 1033).

16 In accordance with the California Code of Regulations, title 8, section 202, a two day hearing  
17 was held on May 17, 2000 and July 19, 2000, wherein the parties entered oral testimony and  
18 documentary evidence into the record for the Administrator's consideration. After the record was  
19 closed, the parties, CACA and DAS presented various post-hearing briefs to the Administrator,  
20 addressing the above-stated legal and factual issues raised by the Administrator and the Hearing Officer  
21 and the evidence that had been entered into the record at the hearing. (A/R - Pldgs. filed w/  
22 Administrator, Tab Nos. 9-14).

23 On December 11, 2000, the Administrator issued a decision (hereafter "Administrator's  
24 Decision" or "Director's Decision"). (A/R - Pldgs. filed w/ Administrator, Tab No. 15). Among other  
25 things, the Administrator found that the statewide expansion of Petitioners' apprenticeship program

26 \_\_\_\_\_  
27 <sup>2</sup> By letter dated March 15, 2000, the Hearing Officer divided these two issues into several  
detailed subquestions. (A/R - Correspondence, Bates Nos. 1104-1107).

1 constituted a "new" program. The Administrator held that DIR was estopped from displacing non-  
2 Sacramento residents who had previously been enrolled, with DAS approval, as apprentices in PHCC-  
3 GSA-PUAC's program. However, the Administrator ordered Petitioners to (1) comply in all respects  
4 with the limitations set out in the Standards approved by CAC in July, 1994, i.e., the 1993 Standards; (2)  
5 cease and desist from any and all efforts to recruit apprentices from outside Sacramento County; and (3)  
6 cease and desist from enrolling or registering as new apprentices persons who reside outside Sacramento  
7 County. The Administrator also held that "it is not appropriate for the Director to decide here whether  
8 DAS acted properly in approving the new standards, which would authorize PUAC to recruit and enroll  
9 apprentices statewide, without providing notice to the charging party and any other plumber  
10 apprenticeship plan that might have been effected. Consideration of those questions is reserved to CAC  
11 by Department regulation 212.2(j)."

12 On December 26, 2000, Petitioners filed a Notice of Appeal of the Administrator's Decision with  
13 the California Apprenticeship Council, objecting to various factual findings, legal conclusions and  
14 orders made by the Administrator and requesting an appeal hearing pursuant to California Code of  
15 Regulations, title 8, section 203, including the opportunity to present evidence that could not have been  
16 produced at the hearing before the Administrator and the opportunity to present written arguments to  
17 CAC. (A/R - Pldgs. filed w/ CAC, Tab No. 3). Fresno Plumbers' JATC also filed a Notice of Appeal.  
18 (*Id.* at Tab No. 2). By letter dated December 27, 2000, Petitioners also requested a hearing and the  
19 opportunity to present evidence in connection with Fresno Plumbers JATC's Appeal of Approval of  
20 Statewide Apprenticeship Standards, which had been stayed pending resolution of Fresno Plumbers  
21 JATC's Complaint Against Apprenticeship Program. (A/R - Correspondence, Bates No. 1115).

22 By letter dated April 5, 2001, Petitioners were informed by CAC that their request for a hearing  
23 had been denied, but that additional briefing would be allowed. (A/R - Correspondence, Bates No.  
24 1113-1114). Accordingly, Petitioners filed appeal and reply briefs with CAC, as did Fresno JATC.  
25 (A/R - Pldgs. filed w/ CAC, Tab Nos. 4, 5, 7, 8). CACA also filed a Brief of Amicus Curiae in support  
26 of Fresno JATC. (A/R - Pldgs. filed w/ CAC - Tab No. 6).

27 CAC consolidated the PHCC appeals with an appeal filed by the 10 Bay Area Counties and  
28 Southern California Roofers and Waterproofer's Joint Apprenticeship Training Committees (hereafter

1 "10 Bay Area Counties JATC") against the Independent Roofing Contractors of California Unilateral  
2 Apprenticeship Committee (hereinafter "IRCC"), which also challenged DAS's approval of IRCC's  
3 geographic expansion, and assigned both cases to a three member panel. (A/R - Correspondence, Bates  
4 Nos. 1113-1114). On or about July 26, 2001, CAC issued a 2 ½ page decision (hereafter "CAC  
5 Decision") upholding the Administrator's Decision in its entirety and holding that the revisions  
6 contained in the 1998 Standards constituted a "new" program that was subject to the new program  
7 approval procedures set forth in Section 212.2. (A/R - Pldgs. filed w/ CAC, Tab No. 12). On the  
8 grounds that DAS did not follow these procedures in its approval of the 1998 Standards, CAC  
9 overturned said approval and ordered PHCC-GSA-PUAC to operate its program only under its original  
10 1993 Standards. (*Id.*). CAC made a similar determination in the IRCC matter.

11 Petitioners filed a verified Petition for Writ of Administrative Mandamus or Mandate against  
12 CAC on August 15, 2001, naming Fresno Plumbers JATC as Real Party in Interest.<sup>3</sup> By court order  
13 dated August 21, 2001, this case was consolidated with a similar lawsuit filed by IRCC against CAC,  
14 Sacramento Superior Court Case No. 01CS01183. On September 28, 2001, Fresno Plumbers JATC  
15 filed a Verified Cross-Petition for Writ of Administrative Mandamus against CAC, naming Petitioners  
16 as Cross Real Parties in Interest.<sup>4</sup> On October 5, 2001, the Honorable Ronald B. Robie issued an Order  
17 Granting Temporary Stay which permits any apprentice enrolled in Petitioners' apprenticeship program  
18 between the Administrator's December 11, 2000 Decision and CAC's July 26, 2001 Decision to stay in  
19 the program pending the outcome of this litigation. The hearing set for May 3, 2002 and the instant brief  
20 relate only to the verified Petition for Writ of Administrative Mandamus or Mandate filed by PHCC-  
21 GSA and PHCC-GSA-PUAC.

#### 22 SUMMARY OF ARGUMENT

23 As of January, 1998, when DAS approved Petitioners' statewide standards, Labor Code section  
24

25  
26 <sup>3</sup>Despite the fact that Petitioners filed a verified Petition for Writ of Administrative Mandamus, both  
27 CAC and Fresno Plumbers JATC filed unverified answers thereto. As such, all material allegations of the  
petition that have not been specifically denied should be deemed admitted. (Code Civ. Proc. § 431.20(a))

28 <sup>4</sup>Following demurrer, Fresno Plumbers JATC filed Amended Cross-Petition on or about December



1 3075 provided that apprenticeship programs "may be approved by the chief in any trade in the state or in  
2 a city or trade area, whenever the apprentice training needs justifies the establishment." (Lab. Code §  
3 3075 (West 1989)).<sup>5</sup> Petitioners' 1993 Standards, which were approved by CAC, provided that revisions  
4 to the program were subject to approval of only the program and the Chief DAS. New program  
5 approvals, on the other hand, were governed by California Code of Regulations, title 8, section 212.2(f),  
6 which, at the time, provided that

7       Upon receipt of the proposed standards of a program, the Chief shall serve a copy of the  
8       proposed standards and any supplement thereto on the sponsor of each existing program  
9       in the apprenticeable occupation in the labor market area of the program, as defined by  
10       Section 215. Each such existing program may submit comments on the proposed  
11       program within thirty days after receipt of the completed standards. The Chief may, in  
12       his or her discretion, consult with such existing program concerning the proposed  
13       program.<sup>6</sup>

14       There is no dispute that DAS did not follow the procedure set forth in Section 212.2(f) prior to  
15       approving Petitioners' statewide area expansion in 1998 since it was considered a revision and not a new  
16       program. Fresno Plumbers JATC argued, and CAC ultimately agreed, that Petitioners' area expansion  
17       constituted a "new" program subject to Section 212.2(f) and that DAS's approval of Petitioners' 1998  
18       Standards was thus invalid. CAC made this finding despite the fact that the evidence in the record  
19       clearly established that (1) at the time, there was no statutory or regulatory provision requiring that area  
20       expansions of existing programs be processed as new programs subject to Section 212.2(f); (2) it was  
21       DAS's established policy to process area expansions as revisions to existing programs, not new  
22       programs subject to Section 212.2(f); (3) Petitioners relied to their detriment on DAS's unequivocal  
23       direction to process their area expansion as a revision, not a new program subject to Section 212.2(f); (4)  
24       due to interim changes in the law, Petitioners would not now be able to obtain DAS approval to operate  
25       on a statewide basis; and (5) revoking Petitioners' 1998 Standards is contrary to public policy and to the  
26       federal Fitzgerald Act. On these substantive grounds, among others, Petitioners seek a writ of

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29       <sup>5</sup>The legal viability of this so-called "need requirement" was the subject of several court decisions in  
30       the mid-1990's regarding ERISA preemption. *California DLSE v. Dillingham*, *supra*, 519 U.S. 316;  
31       *Associated General Contractors v. Smith* (9<sup>th</sup> Cir. 1996) 74 F.3d 926 (attached hereto as Exhibit 3).

32       <sup>6</sup>As discussed in Sections II.A.1 & 3, *infra*, both Labor Code section 3075 and Section 212.2 have

1 administrative mandamus ordering CAC to withdraw its July 26, 2001 Decision and to restore  
2 Petitioners' 1998 Standards. From a procedural standpoint, Petitioners seek a writ of administrative  
3 mandamus on the grounds that CAC lacked jurisdiction over this matter and Petitioners were denied due  
4 process and a fair trial before an impartial tribunal.

#### 5 ARGUMENT

6 Pursuant to California Code of Civil Procedure section 1094.5(b), where the validity of any final  
7 administrative decision is challenged, the court's inquiry "shall extend to the questions whether the  
8 respondent has proceeded without, or in excess of jurisdiction; whether there was a fair trial; and  
9 whether there was any prejudicial abuse of discretion." Petitioners challenge the validity of the CAC  
10 Decision on all three grounds.

#### 11 **I. THE COURT SHOULD ISSUE A WRIT OF MANDATE DIRECTING CAC TO SET 12 ASIDE ITS JULY DECISION AND RESTORE PETITIONERS' 1998 STANDARDS 13 BECAUSE CAC PROCEEDED WITHOUT JURISDICTION**

14 From a procedural standpoint, CAC did not have jurisdiction to overrule DAS's approval of the  
15 1998 revisions to Petitioners' standards because it had vested the authority to approve such revisions  
16 exclusively with the Chief DAS. To wit, Article VI of the Petitioners' 1993 Standards, which were  
17 approved by the CAC in July, 1994, states unequivocally that "The responsibilities of the PUAC shall  
18 be to: . . . adopt changes to these standards, as necessary, subject to the approval of the parties hereto and  
19 the Chief of the Division of Apprenticeship Standards." (A/R - Exhibits, Vol. I., Tab No. 1, Ex. H-4,  
20 Bates Nos. 0073; Administrator's Decision at 6:8-9 (A/R - Pldgs. filed w/ Administrator, Tab No. 15,  
21 Bates No. 0725)). Thus, the CAC delegated approval power for changes to Petitioners' standards to the  
22 program sponsor (PHCC-GSA-PUAC) and the Chief DAS.

23 As set forth in greater detail, *infra*, based on the instructions of various DAS representatives,  
24 including the Chief DAS, PHCC-GSA-PUAC subsequently sought to change its standards to expand its  
25 geographic area. This change in Petitioners' standards was approved by the Acting Chief DAS on  
26 January 22, 1998. (A/R - Exhibits, Vol. I, Tab No. 1, Ex. H-6, Bates No. 0159). Thus, because the 1998  
27 changes to Petitioners' standards were adopted in accordance with the express delegation of authority  
28 granted by CAC to the Chief DAS in 1994, CAC was without jurisdiction to overrule DAS's approval  
29 of the 1998 Standards and the Court should issue a writ of mandate overruling the CAC Decision on that

1 basis.

2 **II. THE COURT SHOULD ISSUE A WRIT OF MANDATE DIRECTING CAC TO SET**  
3 **ASIDE ITS JULY DECISION AND RESTORE PETITIONERS' 1998 STANDARDS**  
4 **BECAUSE CAC COMMITTED A PREJUDICIAL ABUSE OF DISCRETION**

5 In addition to the above jurisdictional defect, from a substantive standpoint, CAC also abused its  
6 discretion in revoking Petitioners' 1998 Standards.

7 Pursuant to Code of Civil Procedure section 1094.5(b), "Abuse of discretion is established if the  
8 respondent has not proceeded in the manner required by law, the order or decision is not supported by  
9 the finding, or the findings are not supported by the evidence."<sup>7</sup>

10 In its Decision, CAC states,

11 The Director concluded that the 1998 revisions to the PHCC standards constituted a  
12 "new" program because the revisions changed the geographic area of the program, added  
13 new sources of related and supplemental instruction, changed the apprentice wage  
14 structure and reduced the required number [of hours] of instruction. The Council agrees  
15 that the revisions constituted a new program for these reasons and for the additional  
16 reason that PHCC recruited apprentices outside Sacramento County under a different  
17 name.

18 Regulation 212.2 sets forth the procedure for approval of new programs. DAS did not  
19 follow . . . this procedure in its 1998 approval of the PHCC revisions. The approval  
20 therefore is overturned because it is invalid.

21 (A/R - Pldgs. filed w/ CAC, Tab No. 12).

22 Petitioners challenge the CAC Decision, and each of its various sub-holdings, on the basis that CAC  
23 abused its discretion on all three of the above-stated grounds.

24 **A. CAC'S DECISION THAT THE GEOGRAPHIC AREA REVISIONS TO**  
25 **PETITIONERS' STANDARDS CONSTITUTED A "NEW" PROGRAM SUBJECT**  
26 **TO SECTION 212.2 IS CONTRARY TO LAW AND IS NOT SUPPORTED BY**  
27 **THE FINDINGS OR SUBSTANTIAL EVIDENCE**

28 CAC's finding that the geographic area revisions to Petitioners' standards constituted a "new"  
program subject to Section 212.2 is contrary to law and the evidence in the record because, as of

29 <sup>7</sup>Pursuant to Code of Civil Procedure section 1094.5(c), "where is it claimed that the findings are not  
30 supported by the evidence, in cases in which the court is authorized by law to exercise its independent  
31 judgment on the evidence, abuse of discretion is established if the court determines that the findings are not  
32 supported by the weight of the evidence. In all other cases, abuse of discretion is established if the court  
33 determines that the findings are not supported by substantial evidence." In this case, it appears that the  
34 substantial evidence standard applies because, pursuant to Labor Code section 3083, "the decision of the  
35 California Apprenticeship Council shall be conclusive if supported by the evidence. . ."

1 January, 1998, there was no statutory or regulatory provision requiring DAS to process area expansions  
2 as new programs subject to Section 212.2 and, in fact, the evidence establishes that it was DAS's policy  
3 to process area expansions as program revisions not subject to that section. Although just last month  
4 CAC amended its regulations to require DAS to follow Section 212.2 when processing area expansions  
5 of existing programs and Petitioners do not dispute CAC's ability to change its regulations and DAS  
6 policy *prospectively*, it was unlawful for CAC to revoke Petitioners' 1998 Standards and to overrule  
7 DAS policy *retroactively* because Petitioners relied to their detriment on that policy and because such  
8 action by CAC, which was taken months before the amended regulation was implemented, constitutes an  
9 underground regulation and an unconstitutional impairment of contracts.

10           1.    **AS OF JANUARY, 1998 THERE WAS NO STATUTORY OR**  
11                   **REGULATORY PROVISION CLASSIFYING GEOGRAPHIC AREA**  
12                   **EXPANSIONS AS NEW PROGRAMS SUBJECT TO SECTION 212.2**

13           As stated, at the time DAS approved the revision to Petitioners' standards in January, 1998, there  
14 was no law - be it statutory or regulatory - that required DAS to process area expansions as new  
15 programs subject to Section 212.2. Certainly, the operative language of that section did not contain any  
16 such requirement at that time. To wit, as of January, 1998, Section 212.2 read as follows:

17           (f) Upon receipt of the proposed standards of a program, the Chief shall serve a copy of  
18           the proposed standards and any supplement thereto on the sponsor of each existing  
19           program in the apprenticeable occupation in the labor market area of the program, as  
20           defined by Section 215. Each such existing program may submit comments on the  
21           *proposed program* within thirty days after receipt of the completed standards. The Chief  
22           may, in his or her discretion, consult with such existing programs concerning the  
23           *proposed program*.

24           (Italics added).

25           A simple reading of the regulation reveals that the notice and consultation procedures apply only to the  
26           approval of *proposed programs*, not existing programs such as Petitioners'.

27           More importantly, the fact that, as of January, 1998, there was no statutory or regulatory  
28           provision requiring DAS to follow the new program approval procedures when processing the  
29           geographic area expansion of an existing program is evidenced by recent amendments to the CAC  
30           regulations. Effective February 15, 2002, CAC amended Section 212.2 to read as follows:

31           (a) . . . A revision to change the program's occupation or to change the program's  
32           geographic area of operation to include a different labor market area is subject to the  
33           same application and approval process set out in (a) - (i) of this section for approval of a 511

1 program, including providing notice of the proposed revision and an opportunity for  
2 comment to existing programs in the same apprenticeable occupation in the labor market  
3 area.

4 Common sense dictates that, if the applicable statutes and regulations already subjected geographic area  
5 expansions to Section 212.2, there would have been no need for CAC to adopt the above amendment to  
6 Section 212.2(a). Indeed in its Final Statement of Reasons for amending Section 212.2(a), CAC stated,

7 The primary problem addressed by . . . changes in Proposed Regulation 212.2 is  
8 uncertainty about the circumstances in which a program's standards may be revised to  
9 change the geographical recruitment area. Proposed Regulation 212.2 provides that the  
10 revision of a program's standards to expand the geographical recruitment area is subject  
11 to the same procedural requirements as an application for approval of a new program.  
12 Proposed Regulation 212.2 also clarifies that a notice of application for approval of a new  
13 program or the revision of the standards of an existing program must be served on all  
14 existing programs in the same area.

15 (See Petitioners' Request for Judicial Notice in Support of Verified Petition for Writ of Administrative  
16 Mandamus (hereafter "Request for Judicial Notice"), filed concurrently herewith, and Declaration of  
17 Carrie E. Dohnt in Support of Memorandum of Points and Authorities in Support of Verified Petition for  
18 Writ of Administrative Mandamus and Request for Judicial Notice (hereafter "Dohnt Decl.") at ¶ 4 and  
19 Ex. 5 thereto).

20 Obviously, CAC's perceived need to amend Section 212.2(a) as such in 2002 demonstrates that there  
21 was no existing law in January, 1998 which mandated that a geographic area expansion be treated like a  
22 new program for approval purposes. As stated, Petitioners do not challenge herein CAC's right to  
23 amend its regulations to subject future area expansions to Section 212.2; however, it was unlawful for  
24 CAC to overturn the prior approval of Petitioners' area expansion based on a regulation that was not yet  
25 in existence and, in doing so, CAC abused its discretion by not proceeding in the manner required by  
26 law.

27 Moreover, CAC'S determination that Petitioners' area expansion was a new program subject to  
28 Section 212.2 prior to the adoption of the above-cited amendments to that section constitutes an  
29 unlawful underground regulation that was not promulgated in accordance with the Administrative  
30 Procedures Act (APA), which establishes the procedures by which state agencies may adopt regulations.  
(Gov. Code § 11340 et seq.). At a minimum, an agency must: (1) give the public notice of the proposed  
31 regulatory action; (2) issue a complete text of the proposed regulation, along with a statement of the

1 reasons for it; (3) give interested parties an opportunity to comment on the proposed regulation; (4)  
2 respond in writing to any such public comments; and (5) forward to the Office of Administrative Law a  
3 file of all materials relied on by the agency in the regulatory process. (Gov. Code §§ 11346.2, 11346.4,  
4 11346.5, 11346.8, 11346.9, 11347.3). As the California Supreme Court has noted, "One purpose of the  
5 APA is to ensure that those persons or entities whom a regulation will affect have a voice in its creation  
6 [citation], as well as notice of the law's requirements so that they can conform their conduct  
7 accordingly." (*Tidewater Marine Western, Inc. v. Bradshaw* (1996) 14 Cal.4th 557, 568-569 [59  
8 Cal.Rptr.2d 186]). In addition, where an agency has adopted a rule or regulation that is invalid because  
9 it was not duly promulgated and published, the rule cannot be applied to past or present cases and can  
10 only be applied in future cases if the agency chooses to validate the rule by ensuring compliance with the  
11 APA. (See *Armistead v. State Personnel Board* (1978) 22 Cal.3d 198, 201 [149 Cal.Rptr. 1]).

12 Prior to February 15, 2002, when the amendments to Section 212.2(a) were properly promulgated  
13 and published, there was no valid regulation requiring DAS to follow the procedures set forth in Section  
14 212.2(f) to approve the area expansion of an existing apprenticeship program. Indeed, by order of CAC,  
15 revisions to Petitioners' standards were subject only to approval of the program and the Chief DAS.  
16 CAC's revocation of Petitioners' 1998 Standards on the grounds that DAS failed to follow Section 212.2  
17 is an unlawful underground regulation that should be overturned.

18 **2. CAC'S DETERMINATION THAT THE 1998 REVISIONS TO**  
19 **PETITIONERS' LABOR MARKET AREA CONSTITUTED A NEW**  
20 **PROGRAM SUBJECT TO SECTION 212.2 IS CONTRARY TO**  
21 **ESTABLISHED DAS POLICY**

22 CAC's finding that the area revision to Petitioners' standards constituted a new program subject  
23 to Section 212.2(f) is contrary to law and is not supported by substantial evidence for the additional  
24 reason that the evidence in the record establishes that it was DAS's long standing policy to handle area  
25 expansions as revisions to existing programs, not new programs subject to Section 212.2.

26 At the hearing before the Administrator, Petitioners presented the testimony of two long-term  
27

1 DAS employees, Rita Tsuda<sup>8</sup> and Leonard Viramontes<sup>9</sup>, that, at the time PHCC-GSA-PUAC expanded  
2 its program statewide, it was DAS policy to handle geographic area expansions as revisions to existing  
3 programs, not as new programs.

4 As stated, Petitioners' 1998 Standards were approved by Rita Tsuda, then-Acting Chief of  
5 DAS, who testified that it was the policy and practice of DAS to handle an area change as a revision to  
6 an existing program. (5/17/00 TR at 84:15-25). Ms. Tsuda testified that DAS had been handling  
7 geographic area expansions as revisions since at least 1993, when an enforcement policy was issued by  
8 then-Chief DAS, Gail Jesswein (hereafter "Jesswein Memo"). (5/17/00 TR at 101:6-18; A/R Exhibits,  
9 Vol. I, Tab No. 1, Ex. H-1, Bates Nos. 0006-11). The fourth paragraph of Section E of the Jesswein  
10 Memo, entitled "Geographic Area", states, "[I]n existing standards, a statement of geographic area for  
11 recruitment, and within which R&SI classroom training occurs, should be updated when the area of  
12 those activities expands." Ms. Tsuda noted that, consistent with DAS policy, PHCC-GSA-PUAC's  
13 expansion was processed as a revision, as was the geographic expansion of the IRCC apprenticeship  
14 program. (5/17/00 TR at 101:19-102:9). Mr. Viramontes corroborated Ms. Tsuda's testimony. He  
15 testified that he consulted with Ms. Tsuda regarding how to process PHCC-GSA-PUAC's expansion and  
16 she told him that it would not have to go through the Section 212.2 process because it was an expansion,  
17 not a new program. (7/19/00 TR at 54:18-55:9). Mr. Viramontes also testified that, throughout his long  
18 tenure as a DAS Consultant, he had processed a number of geographic area expansions as revisions to  
19 existing programs. (7/19/00 TR at 52:4-53:21).

20 Ms. Tsuda also testified that the notice to existing programs required by Section 212.2(f) is only

21  
22 <sup>8</sup>Ms. Tsuda was the Deputy Chief DAS and, at the time of the hearing, had worked for DAS for  
23 27 years. (5/17/00 TR at 80:1-7). She was appointed to be the Acting Chief DAS on October 31, 1997  
24 by John Duncan, then-Acting Director of DIR. (A/R -Exhibits, Vol. II, Tab No. 4, Ex. DAS-1, Bates  
25 No. 0562). As Acting Chief, Ms. Tsuda was vested with the full authority and responsibility of the  
26 Chief DAS, including the authority to approve new and revised apprenticeship program standards.  
(5/17/00 TR at 83:11-84:7). At all times from 1996 through January, 1998, Ms. Tsuda was authorized to  
approve revisions to standards, either as the Deputy Chief or as the Acting Chief. (5/17/00 TR at 84:10-  
14).

27 <sup>9</sup>Mr. Viramontes is a Senior Consultant with DAS and has been employed in that position since  
1996; prior to that, he was employed by DAS as a Consultant and had worked in that position since  
28

1 provided in connection with new programs, not changes in geographic area, and that no showing of need  
2 pursuant to Labor Code section 3075 is required for geographic area expansions. (5/17/00 TR at 153:19-  
3 155:5; 158:19-159:2). Mr. Viramontes testified that he processed a number of other geographic area  
4 expansions as revisions and no such notice was ever sent by DAS Headquarters to the affected programs  
5 in the expanded area. (7/19/00 TR at 199:17-202:9). Specifically, Mr. Viramontes testified that, in the  
6 summer of 1997, he processed the geographic expansion of the Western Electrical Contractors  
7 Association apprenticeship program as a revision and no 212.2 notice was sent out in connection  
8 therewith. (7/19/00 TR at 200:21-201:19). He also testified that he worked on a number of geographic  
9 area expansions for different apprenticeship programs when he was a consultant in San Jose, including  
10 the National Tool & Dye Association program, and that all such expansions were done as revisions  
11 without any notice to existing programs in the affected areas. (7/19/00 TR at 201:21-202:9).

12 Notably, in his decision, the Administrator expressly declined to decide whether DAS acted  
13 properly in approving the 1998 Standards without providing notice to any other plumber apprenticeship  
14 plan that might have been affected, stating, "Consideration of those questions is reserved to the CAC by  
15 Department regulation 212.2(j)." (Administrator's Decision at 34:17-23 (A/R Pldgs. filed w/  
16 Administrator, Tab No. 15, Bates No. 0753)). As such, the Administrator made no mention of the above-  
17 cited evidence regarding DAS policy in his decision. Surprisingly, CAC also completely ignored this  
18 evidence, making no findings or mention of DAS's policy whatsoever in its own decision. Clearly,  
19 CAC's holding that the revision to Petitioners' standards regarding geographic area constituted a new  
20 program subject to Section 212.2 is not supported by any findings, it is not supported by substantial  
21 evidence and it is utterly contrary to established DAS policy.

22 3. **CAC SHOULD BE ESTOPPED FROM REVOKING THE 1998**  
23 **STANDARDS AND RETROACTIVELY OVERRULING DAS POLICY**  
24 **BECAUSE PETITIONERS RELIED TO THEIR DETRIMENT THEREON**

25 CAC's revocation of Petitioners' 1998 Standards on the grounds that DAS failed to adhere to  
26 Section 212.2(f) is especially repugnant because the evidence establishes that Petitioners reasonably  
27 relied on the advice of DAS regarding how to process its statewide area expansion. It is undisputed that  
not only was the above-stated policy of DAS communicated to representatives of PHCC-GSA-PUAC  
but it was a representative of DAS, Leonard Viramontes, who actually drafted the revisions to PHCC-



1 GSA-PUAC's standards and then processed the expansion as a revision as opposed to a new program.  
2 Under these circumstances, it was patently inequitable for CAC to overrule that policy retroactively and  
3 revoke DAS's approval of Petitioners' statewide program, especially because the law has changed in the  
4 interim and it would be impossible for Petitioners to obtain DAS approval of a statewide program at this  
5 time.

6 The Supreme Court has held that the acts of one public agency will bind another public agency  
7 where there is privity or an identity of interests between the agencies. (*Lusardi Construction Co. v.*  
8 *Aubry* (1992) 1 Cal.4th 967, 995 [4 Cal.Rptr.2d 837]). Indisputably, there is an identity of interests  
9 between CAC and DAS such that the acts of DAS bound CAC in this matter. Thus, CAC should be  
10 estopped from overruling the policies of DAS retroactively and from revoking DAS approval of  
11 Petitioners' 1998 Standards.

12 There are four elements necessary to apply the doctrine of estoppel:

13 First, the party to be estopped must have been aware of the facts. Second, that party must  
14 either intend that its act or omission be acted upon, or must so act that the party asserting  
15 estoppel has a right to believe it was intended. Third, the party asserting estoppel must be  
16 unaware of the true facts. Fourth, the party asserting estoppel must rely on the other  
party's conduct, to its detriment. [Citation]. Even when these elements are present,  
estoppel will not be applied against the government if to do so would nullify a strong rule  
of policy adopted for the benefit of the public.

17 *Id.* at p. 994.

18 Not only are all four requisite elements present in this case, but also, if estoppel is not applied herein, the  
19 public policy underlying federal and state apprenticeship statutes will be nullified.

20 First, it is clear that both Mr. Viramontes and Ms. Tsuda were familiar with the applicable laws  
21 and knew that there was a possibility that Petitioners' expansion into all 58 counties in California could  
22 be construed as a new program for approval purposes. As Mr. Viramontes testified, he was concerned  
23 that using a DAS form entitled "Extract of New Standards" (aka "DAS-27") to process PHCC-GSA-  
24 PUAC's expansion would trigger the 212.2(f) procedure, yet he reassured George Fleck, PHCC-GSA-  
25 PUAC's Field Director, that, according to the Acting Chief, they would not have to follow new program  
26 approval procedures to expand. (7/19/00 TR at 54:18-56:3).

27 Second, there can be no argument but that DAS intended PHCC-GSA-PUAC to act upon its  
28 advice. One of the factors to be considered in a claim of estoppel against a public agency is whether it

1 purports to advise and direct or merely to inform and respond to inquiries. (*Lee v. Board of*  
2 *Administration of PERS* (1982) 130 Cal.App.3d 122, 134 [181 Cal.Rptr. 754]). Not only did Mr.  
3 Viramontes advise and direct PHCC-GSA-PUAC's representatives regarding how to proceed with the  
4 expansion, he did it for them. (7/19/00 TR at 50:9-15). Mr. Viramontes testified that he filled out all the  
5 required forms and he changed PHCC-GSA-PUAC's standards and selection procedures to reflect the  
6 entire state of California as the area of coverage. (7/19/00 TR at 50:24-52:16).

7 Third, there is no evidence that Petitioners were aware of what CAC alleges to be the true facts,  
8 i.e. that the expansion of the apprenticeship program statewide was effectively a new program subject to  
9 the approval requirements set forth in Section 212.2. The evidence indicates instead that the  
10 representatives of PHCC-GSA-PUAC were lay people who looked to DAS for guidance regarding the  
11 applicable law.

12 Fourth, there is no dispute that Petitioners relied on the advice of DAS in seeking to expand their  
13 program through a revision of the existing standards instead of going through the new program approval  
14 process. They sought and received the advice of Mr. Viramontes and relied on him completely to  
15 process the expansion in whatever way he deemed appropriate and lawful. Unquestionably, Petitioners'  
16 reliance on the advice of DAS was detrimental because, whereas they most certainly could have gotten  
17 their statewide expansion approved as a new program at that time, it would be virtually impossible for  
18 them to do so now because of recent changes in the law, specifically, the revisions to Labor Code section  
19 3075.

20 In the 1996 - 1998 time frame, when PHCC-GSA-PUAC sought and ultimately succeeded in  
21 expanding its program statewide, Labor Code section 3075 read, in pertinent part, as follows: "Programs  
22 may be approved by the chief in any trade in the state or in a city or trade area, whenever the apprentice  
23 training needs justifies the establishment. . ." Effective January, 2000, Labor Code section 3075 was  
24 amended to read:

25 (b) For purposes of this section, the apprentice training needs in the building and  
26 construction trades shall be deemed to justify the approval of a new apprenticeship  
program only if any of the following conditions are met:

27 (1) There is no existing apprenticeship program approved under this chapter  
serving the same craft or trade and geographic area;

1 (2) Existing apprenticeship programs approved under this chapter that serve the  
2 same craft or trade and geographic area do not have the capacity, or neglect or refuse, to  
3 dispatch sufficient apprentices to qualified employers at public works sites who are  
4 willing to abide by the applicable apprenticeship standards;

5 (3) Existing apprenticeship programs approved under this chapter that serve the  
6 same trade and geographic area have been identified by the California Apprenticeship  
7 Council as deficient in meeting their obligations under this chapter.  
8 Given the scope of the amendments to Labor Code section 3075, Petitioners would be unable to get DAS  
9 approval to operate statewide at this juncture if CAC's revocation of the 1998 approval is allowed to  
10 stand and its program is confined to Sacramento County.

11 Even CAC concedes that these facts support the application of the doctrine of estoppel. The  
12 Administrator and CAC both acknowledged that it would be inequitable to require those apprentices  
13 whom Petitioners recruited outside Sacramento County and enrolled in its program prior to the  
14 Administrators' Decision to transfer to other programs because DAS "acquiesced" in Petitioners'  
15 conduct<sup>10</sup>. Inexplicably, however, neither the Administrator nor CAC made any findings or mention of  
16 the above-discussed inequity caused by Petitioners' express reliance on DAS's purportedly incorrect  
17 advice regarding how to expand its program in 1998 and its resultant inability to expand statewide at this  
18 time due to the amendments to Labor Code section 3075.

19 Given the foregoing, it is fundamentally unfair to punish Petitioners for reasonably relying on  
20 and following the advice of DAS even if said advice is deemed to have been incorrect years after the  
21 fact. In addition, from a public policy standpoint, estoppel must be applied in this instance to further the  
22 fundamental social policies underlying federal and state apprenticeship laws. Two of the most important  
23 policies underlying the Fitzgerald Act and the Shelley-Maloney Act are to encourage the establishment  
24 of modern apprenticeship programs and to safeguard the welfare of apprentices. (*So. Cal. ABC v. CAC*,  
25 *supra*, 4 Cal.4th at p. 432; 29 U.S.C. § 50; Lab. Code § 3073). Notably, in response to the above-cited  
26 amendments to Labor Code section 3075, the United States Department of Labor put DAS on notice that  
27 the Fitzgerald Act and the implementing federal regulations "require the Secretary of Labor to promote  
28

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<sup>10</sup>CAC Decision at 3:5-8 (A/R - Pldgs. filed w/ CAC, Tab No. 12, Bates No. 0876);  
Administrator's Decision at 29:13-32:32 (A/R - Pldgs. filed w/ Administrator, Tab No. 15, Bates Nos.  
0748-751). It is this part of the CAC Decision that is the basis of Fresno Plumbers JATC's Cross

1 apprenticeship opportunities, while protecting the interests of apprentices. While the implementation of  
2 the California 'needs' standard may benefit existing apprenticeship program sponsors and participants, it  
3 would not expand apprenticeship opportunities." The Department of Labor also stated, "We are  
4 requesting that the California Apprenticeship Council provide us with information that would address  
5 the need for restrictions on the creation of new apprenticeship programs in the building and construction  
6 trades." (See Declaration of Patricia Black in Support of Petitioners' Application for Temporary Stay,  
7 filed with the Court on August 17, 2001, at ¶ 8 and Ex. 1 thereto).

8 If CAC is not estopped from overruling previous DAS policy retroactively and revoking  
9 Petitioners' ability to operate statewide, the above-policies will be nullified. Although CAC's ruling  
10 certainly benefits existing union apprenticeship program sponsors and participants, it does not expand  
11 apprenticeship opportunities but impedes them and discourages the establishment of modern  
12 apprenticeship programs, especially those that are non-union. As one court succinctly noted: "The  
13 [Fitzgerald] Act is neither pro-industry nor pro-labor union. It is pro-apprentice." (*Associated Builders*  
14 *& Contractors, Inc. v. Reich* (D.D.C. 1997) 963 F.Supp. 35, 38) (attached hereto as Exhibit 4)). CAC's  
15 decision also impedes upon the welfare of those apprentices who are entitled to have access to a wide  
16 array of apprenticeship opportunities and may not want to work for union contractors or be enrolled in  
17 union apprenticeship programs.

18 CAC's decision to revoke Petitioners' 1998 Standards on the grounds that DAS failed to follow  
19 Section 212.2 and its utter failure to make any findings regarding Petitioners' detrimental reliance on the  
20 advise of DAS regarding how to expand its program is fundamentally unfair and is contrary to public  
21 policy and government estoppel principles; in addition, the decision is not supported by substantial  
22 evidence. CAC clearly abused its discretion in this regard and its July 26, 2001 Decision should be  
23 overturned on those grounds.

24 4. **CAC'S DECISION TO RETROACTIVELY OVERRULE ESTABLISHED**  
25 **DAS POLICY AND TO REVOKE PETITIONERS' 1998 STANDARDS**  
26 **CONSTITUTES AN UNCONSTITUTIONAL IMPAIRMENT OF**  
27 **CONTRACTS**

28 CAC's decision to revoke Petitioners' 1998 Standards and, in essence, to retroactively overrule  
established DAS policy is invalid for the additional reason that it constitutes an unconstitutional

1 impairment of contracts that were entered into by Petitioners and various third parties in reliance on  
2 DAS's policy and the validity of its 1998 Standards.

3 Article I, section 10 of the United States Constitution and Article I, section 9 of the California  
4 Constitution prohibit the passage of any law impairing the obligation of contracts and retroactive  
5 application of a statute or regulation may be unconstitutional if it impairs the obligation of a contract.  
6 (*Carpenter v. Carpenter* (1987) 188 Cal.App.3d 604, 610 [231 Cal.Rptr. 783]). "Although the language  
7 of both contracts clauses is facially absolute, it has been determined that their 'prohibitions must be  
8 accommodated to the inherent police power of the state to safeguard the vital interests of the people.'"   
9 (*20<sup>th</sup> Century Insurance Co. v. Superior Court* (2001) 90 Cal.App.4th 1247, 1268 [109 Cal.Rptr.2d 611]  
10 citing *Energy Reserves Group v. Kansas Power & Light Co.* (1983) 459 U.S. 400, 410 [103 S.Ct. 697]).  
11 Thus, the impairment of an existing contract is not necessarily unconstitutional. *Ibid.* "A finding of  
12 impairment merely moves the inquiry to the next and more difficult question—whether that impairment  
13 exceeds constitutional bounds. [Citation]. Legislative impairment of contracts is forbidden only if the  
14 impairment is substantial [citation] and lacks a legitimate and significant public purpose." (*Danekas v.*  
15 *San Francisco Residential Rent Stabilization and Arbitration Bd.* (2001) 95 Cal.App.4th 638, 650-651  
16 [115 Cal.Rptr.2d 694]).

17 As to substantial impairment, "[a]mong the factors to be considered in assessing the severity of  
18 impairment are whether the parties have relied on the preexisting contract right and the extent to which  
19 the legislation violates their reasonable expectations." (*Carpenter, supra*, 188 Cal.App.3d at p. 611).  
20 Here, there can be no dispute that CAC's revocation of Petitioners' 1998 Standards based on its  
21 retroactive reversal of DAS policy regarding how to process area expansions substantially impaired  
22 Petitioners' contracts with numerous third parties. Specifically, in reliance on DAS policy and the  
23 validity of DAS's approval of its 1998 Standards, which purportedly authorized Petitioners to recruit,  
24 train and employ apprentices on a statewide basis, Petitioners entered into Apprentice Agreements with  
25 hundreds of apprentices outside Sacramento County and it entered into Agreements to Train Apprentices  
26 with numerous contractors also located outside Sacramento County. (Black Decl. at ¶ 3). In addition,  
27 Petitioners entered into agreements with numerous educational institutions who agreed to act as Local  
28 Education Agencies for Petitioners' program throughout the state. (Black Decl. at ¶ 2; 7/19/00 TR at

1 14:4-15:4; A/R Exhibits, Vol. II., Tab No. 3, Ex. RP-4, Bates Nos. 0505-560). Finally, Petitioners  
2 entered into employment contracts with various individuals to act as instructors outside Sacramento.  
3 (Black Decl. at ¶ 2). Clearly, Petitioners relied on their preexisting contract right to operate on a  
4 statewide basis and CAC's retroactive derogation of that right violates the reasonable expectations of the  
5 parties to those contracts and constitutes a substantial impairment thereof.

6 As to public purpose, "[i]f the law constitutes a substantial impairment, the state must, in  
7 justification, have a 'significant and legitimate public purpose behind the regulation, [citation], such as  
8 the remedying of a broad and general social or economic problem'" (*Carpenter, supra*, 188 Cal.App.3d at  
9 p. 611, citing *Energy Reserves Group, supra*, 459 U.S. at pp. 411-412).

10 In evaluating the importance of the state interest and whether such interest justifies the  
11 impairment a court must consider where pertinent: whether the legislation was enacted to  
12 remedy an emergency situation [citation]; whether the law is 'appropriately tailored and  
13 limited to the situation necessitating the enactment [citation]; the nature of the interest  
14 served by the legislation and whether the law was enacted to protect a broad societal  
15 interest rather than a narrow class [citation].

16 (*Mobile Oil Corp. v. Rossi* (1982) 138 Cal.App.3d 256, 264 [187 Cal.Rptr. 845]).

17 Here, CAC cannot demonstrate a significant and legitimate purpose behind its retroactive reversal of  
18 DAS policy, which was not appropriately tailored and limited and was not done to remedy an emergency  
19 situation or to protect a broad social interest. To the contrary, as set forth in Section II.A.3., *supra*,  
20 CAC's action is not protective of apprentices or the broad social interests which underlie federal and  
21 state apprenticeship law but instead harms apprentices and undercuts public policy. As such, CAC's  
22 impairment of Petitioners' contracts was unconstitutional and should not be upheld by this Court.

23 In sum, CAC's decision that the 1998 revisions to Petitioners' labor market area constituted a  
24 new program subject to Section 212.2 is unlawful under several legal theories, all of which underscore  
25 the fundamental unfairness behind CAC's abrupt and unjustified reversal of DAS policy and its total  
26 disregard for the impact of its decision on apprentices and apprenticeship plans who relied on that  
27 policy. The Court should not overlook the fact that the individuals charged with administering  
28 California's apprenticeship laws and who developed and communicated the DAS policy at issue to  
29 Petitioners were long term, apolitical civil service employees such as Leonard Viramontes and Rita  
30 Tsuda who had nothing to gain by favoring one type of apprenticeship program over another; indeed,

1 Mr. Viramontes testified that, prior to working with Petitioners, he had only worked with union  
2 apprenticeship programs. (7/19/00 TR at 35:13-17). In contrast, as set forth in more detail in Section  
3 III., *infra*, CAC is a political agency whose members have much to gain by eliminating competing  
4 programs such as Petitioners'. This Court should not sanction CAC's improper revocation of  
5 Petitioners' 1998 Standards and its unjustified retroactive reversal of DAS policy. The proper way for  
6 CAC to change DAS policy was to amend its regulations, as it has now done, but those amendments do  
7 not cure the impropriety of its previous conduct towards Petitioners' program and its decision should be  
8 struck down as an abuse of discretion.

9 **B. CAC'S DECISION THAT THE ADDITION OF NEW SOURCES OF RELATED**  
10 **AND SUPPLEMENTAL INSTRUCTION CONSTITUTED A "NEW" PROGRAM**  
11 **SUBJECT TO SECTION 212.2 IS CONTRARY TO LAW AND IS NOT**  
12 **SUPPORTED BY THE FINDINGS OR THE EVIDENCE**

13 As set forth, *supra*, CAC found that the 1998 revisions to Petitioners' standards constituted a  
14 new program subject to Section 212.2 because, in addition to changing the geographic area of the  
15 program, the revisions "added new sources of related and supplemental instruction". This aspect of  
16 CAC's decision is flawed for many of the same reasons stated above.<sup>11</sup>

17 By way of background, as stated, apprentices are taught through on-the-job training with  
18 contractor-employers and through classroom instruction, aka "related and supplemental instruction", and  
19 apprenticeship programs contract with local education agencies (LEA's) to provide such related and  
20 supplemental instruction. CAC's ruling that the addition of new sources of related and supplemental

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21 <sup>11</sup>In its decision, CAC also held that the 1998 revisions to Petitioners' standards constituted a  
22 new program because the revisions changed the apprentice wage structure and reduced the required  
23 number of hours of instruction. Again, this holding is not supported by law, the findings or the  
24 evidence. As to the required number of hours of instruction, although the Administrator found that the  
25 number of hours of instruction was different on the cover sheet to the 1998 Standards, the number of  
26 hours set forth in the text of both standards, 144, remained unchanged. (Administrator's Decision at  
27 20:15-20 (A/R - Pldgs. filed w/ Administrator, Tab No. 15, Bates No. 0739)). As to the apprentice wage  
28 structure, Rita Tsuda testified without contradiction that DAS handles changes to wages and other  
compensation as revisions to program standards, i.e. not as new programs. (5/17/00 TR at 84:15-20). In  
addition, prior to February 16, 2002, apprenticeship programs were required by regulation to recalculate  
apprentice wage rates on an annual basis in accordance with changes to the annual poverty rate (Cal.  
Code Regs., tit. 8, § 208(c)) and it would be ridiculous to equate such revisions with a "new program."

1 instruction, in other words the addition of new local education agencies outside Sacramento County,  
2 constitutes a new program is nonsensical because the Administrator unequivocally found that, regardless  
3 of the statement of the geographic area within which a program's standards apply, neither the regulations  
4 nor the Labor Code limit the geographic area in which an apprentice is permitted to work; in addition, as  
5 both Leonard Viramontes and Rita Tsuda testified, the CAC regulations require the establishment of a  
6 local education agency to ensure the provision of related and supplemental instruction wherever and  
7 whenever an apprentice is working in a remote location. It does not make sense to allow an existing  
8 program to employ apprentices anywhere in the state and require the program to provide related and  
9 supplemental instruction in remote locations and then hold that the provision of such related and  
10 supplemental instruction constitutes a new program. This ruling it is not supported by the  
11 Administrator's findings, it is not supported by the evidence in the record and it is contrary to law.

12 1. **CAC'S RULING THAT THE ADDITION OF NEW SOURCES OF**  
13 **RELATED AND SUPPLEMENTAL INSTRUCTION CONSTITUTES A**  
14 **NEW PROGRAM IS NOT SUPPORTED BY THE ADMINISTRATOR'S**  
15 **FINDINGS OR THE EVIDENCE IN THE RECORD**

16 In his decision, the Administrator made the following findings:

17 As the parties stipulated, there were occasions prior to January 22, 1998 when  
18 employers who were bound to the PUAC standards employed apprentices on work  
19 outside Sacramento County. However, in the July 14, 1993 "Enforcement Policy"  
20 memorandum issued by then DAS Chief Gail F. Jesswein, DAS stated unequivocally that  
21 "The statement of the geographic area within which the Standards apply . . . is not a  
22 limitation as to the area within which an apprentice may be employed."

23 Although the wording of the relevant regulation was revised in September 1995,  
24 the change in wording provides no basis for adopting a different rule or analysis. The  
25 July 14, 1993 "Enforcement Policy" memorandum was widely circulated to interested  
26 parties at the time, and there is no evidence to suggest that DAS had issued any contrary  
27 enforcement policy statements at any time after July 14, 1993 and prior to January 22,  
28 1998. *Further, there is nothing in the Labor Code provisions regarding apprenticeship*  
29 *that would limit the geographical area in which an apprentice would be permitted to*  
30 *work, although the Labor Code provisions include many detailed requirements and*  
31 *limitations. [FN]. And, of course, the reality of the construction industry is that*  
32 *contractors often work on sizeable construction projects some distance from their home*  
33 *offices. [FN 18].*

34 (Administrator's Decision at 22:4-23:2) (A/R - Pldgs. filed w/ Administrator, Tab No. 15, Bates Nos.  
35 523

36 0741-742) (Italics added)).

37 The Administrator also stated. "The reference in Labor Code section 3074 to 'isolated apprentices' and  
38



1 arrangements to provide 'related and supplemental instruction' for them suggest that the Legislature  
2 understood and accepted the reality that contractors will often undertake projects a considerable distance  
3 from their home offices." (*Id.* at p. 23, fn. 18).

4 At the hearing before the Administrator, Rita Tsuda testified that, in 1993, Gail Jesswein issued a  
5 policy statement regarding the meaning of "geographic area" as it was used in Section 212(b)(2) prior to  
6 the 1995 amendments to that section, discussed in the Case Background section, *supra*. (5/17/00 TR at  
7 91:8-23). This is the same Jesswein Memo referred to in Section II.A.2., *supra* and is the memo referred  
8 to above by the Administrator. Section E. of that memo, entitled "Geographic Area", provides:

9 The statement of the geographic area within which the Standards apply, 8 C.C.R.  
10 § 212(b)(2), is not a limitation as to the area within which an apprentice may be  
11 employed. It is required for programs to be approved in order to monitor two federally  
12 required criteria -recruitment and related and supplemental instruction. Thus, the  
13 statement of the program's geographic area in its Standards does not limit the area in  
14 which recognized apprentices can work.

15 The first reason geographic area need be specified in the Standards is that both  
16 state and federal regulations require verification that the apprentice will receive  
17 organized, related, and supplemental instruction (R&SI), 29 C.F.R. § 29.5(b)(4) and 8  
18 C.C.R. § 212(a)(3). *When an apprentice's On-The-Job (OJT) training employment  
19 location is remote from the R&SI classroom location, special arrangements, subject to  
20 DAS approval, must be made to ensure continuity of the related and supplemental  
21 instruction.*

22 (A/R- Exhibits, Vol. I, Tab No. 1, Ex. H-1, Bates No. 0009) (Italics added)).

23 Ms. Tsuda testified that Section E of the Jesswein memo constituted the policy of DAS from  
24 1993 through the date she approved the revisions to PHCC-GSA-PUAC's standards and that the 1995  
25 amendment to Section 212(b)(2) was consistent with DAS policy. (5/17/00 TR at 91:24-92:2; 94:8-  
26 95:23). Pursuant to that policy, apprentices could be worked anywhere in the state and, if on-the-job-  
27 training occurred away from the recruitment area stated in the standards, apprenticeship programs had to  
28 provide related and supplemental instruction for the affected apprentices in the remote location.  
(5/17/00 TR at 91:24-93:4). Accordingly, apprenticeship programs also had to arrange for LEA's to  
support training of apprentices when they were employed outside the recruitment area. (5/17/00 TR at  
93:24-94:7).

Leonard Viramontes again corroborated Ms. Tsuda's testimony. He testified that, when he was  
first assigned to PHCC-GSA-PUAC in 1996, he found a number of pending apprenticeship agreements

1 (DAS-1's and DAS-7's) from applicants and employers located outside Sacramento County. (7/19/00  
2 TR at 43:12-44:2). He contacted Rulon Cottrell, then-Chief DAS, and asked him what to do with the  
3 applications. (7/19/00 TR at 44:3-13). Mr. Cottrell called a meeting with Mr. Viramontes, Ms. Tsuda,  
4 Fred Lonsdale (legal counsel for DAS), Bob Nambo (a representative of PHCC-GSA-PUAC) and John  
5 Prager (legal counsel for PHCC-GSA-PUAC) to discuss the matter. (7/19/00 TR at 44:14-45:15). Mike  
6 Mortell, DAS's Area Administrator, called Mr. Viramontes approximately one week after the meeting  
7 between DAS and PHCC-GSA-PUAC and told him to process all the agreements in his office,  
8 regardless of whether the apprentice's address was outside Sacramento County. (7/19/00 TR at 45:16-  
9 47:8). Mr. Mortell told Mr. Viramontes that apprentices could be employed and instructed anywhere in  
10 California as long as the apprentice was registered through the PHCC-GSA-PUAC program in  
11 Sacramento. (7/19/00 TR at 37:25-39:14). Mr. Viramontes testified that Ms. Tsuda and Mr. Cottrell  
12 also told him that apprentices could be employed and receive R&SI outside the area stated in the  
13 program standards as long as the program established a LEA in that area. (7/19/00 TR at 106:18-  
14 107:21).

15 Given the foregoing, CAC's ruling that the addition of new sources of related and supplemental  
16 instruction, i.e. LEA's, constitutes a new program subject to Section 212.2 should be overruled on the  
17 grounds that it is not supported by the Administrator's findings and is, once again, directly contrary to  
18 the evidence in the record regarding DAS policy. In addition, for the same reasons described in Section  
19 II.A.1., *supra*, CAC's ruling, if upheld, constitutes an unlawful underground regulation.

20 **2. CAC'S DETERMINATION THAT THE ADDITION OF NEW SOURCES**  
21 **OF RELATED AND SUPPLEMENTAL INSTRUCTION CONSTITUTES A**  
22 **NEW PROGRAM SUBJECT TO SECTION 212.2 SHOULD BE**  
23 **OVERRULED ON ESTOPPEL GROUNDS**

24 Pursuant to the legal standard governing estoppel against a public agency, set forth in *Lusardi*  
25 *Construction Co. v. Aubry*, *supra*, 1 Cal.4th 967 and cited in Section II.A.3., *supra*, CAC should be  
26 estopped from retroactively overruling DAS policy regarding an existing program's addition of new  
27 LEA's to ensure the uninterrupted provision of related and supplemental instruction to apprentices  
28 properly employed in remote locations because that policy was communicated to, relied on and adhered  
to by Petitioners prior to January, 1998. CAC did not proceed in the manner required by law in this

1 regard as all the requisite elements to support an estoppel are again present in this instance.

2       Awareness of the Facts. It is undisputed that, as between DAS and Petitioners, DAS was aware  
3 of the facts and the potential legal repercussions for allowing the provision of related and supplemental  
4 instruction on a statewide basis and Petitioners were not.

5       Advice and Intent to Act. DAS advised Petitioners of its policies with the intent that Petitioners  
6 would act upon that advice. Mr. Viramontes testified that, after DAS had received signed agreements  
7 (DAS-1 and DAS-7 forms) from employers and apprentices outside Sacramento County seeking to  
8 register with the PHCC-GSA-PUAC program, he provided a copy of the Jesswein Memo to  
9 representatives of PHCC-GSA-PUAC and advised them that apprentices who were registered with the  
10 PHCC-GSA-PUAC program in Sacramento could be employed and receive related and supplemental  
11 instruction anywhere in the state as long as an appropriate LEA was established in the affected outlying  
12 area. (7/19/00 TR at 47:19-48:14; 5/17/00 TR at 184:12-185:5).

13       After consulting with Mr. Viramontes in 1996, PHCC-GSA-PUAC made arrangements to  
14 establish LEA's in numerous counties outside Sacramento, including, Alameda, Contra Costa, Marin,  
15 Sonoma, Kern, Merced, San Joaquin, Stanislaus and Tulare counties, and it allowed employers who  
16 were signatory to its standards to employ apprentices throughout the state. (TR at 14:4-25; A/R -  
17 Exhibits, Vol. II, Tab No. 3, Ex. RP-4, Bates Nos. 0505-560 ). Mr. Fleck, PHCC-GSA-PUAC's Field  
18 Director, testified that Mr. Viramontes was aware that PHCC-GSA-PUAC had set up LEA's to provide  
19 related and supplemental outside Sacramento and that he provided Mr. Viramontes with copies of  
20 agreements from school districts who agreed to serve as LEA's in outlying areas. (5/17/00 TR at  
21 182:11-19). Mr. Viramontes admitted that he was aware of the fact that contractors who were signatory  
22 to PHCC-GSA-PUAC's standards were employing indentured apprentices on jobs outside Sacramento  
23 County. (7/19/00 TR at 63:22-64:9; 65:24-66:15). He testified that he audited the PHCC-GSA-PUAC  
24 program twice in 1997 and, in both instances, he knew that apprentices were being employed and trained  
25 outside Sacramento County; in fact, he checked to make sure that LEA's had been established in those  
26 areas. (7/19/00 TR at 62:3-64:15). Upon the conclusion of both audits, Mr. Viramontes found that  
27 PHCC-GSA-PUAC was in compliance with all applicable statutes and regulations. (7/19/00 TR at  
28 64:16-65:20). The Administrator also found that "Viramontes apparently learned in early 1997 that

1 school districts other than San Juan Unified School District were providing RSI to apprentices.  
2 Although the standards in effect at the time identified only San Juan Unified School District as the LEA,  
3 Viramontes did not view these circumstances as improper." (Administrator's Decision at 29:22-30:1  
4 (A/R - Pldgs. filed w/ Administrator, Tab No. 15, Bates Nos. 0748-749)).

5 Detrimental Reliance. If CAC's decision to retroactively overrule the policy of DAS that was  
6 communicated to, relied upon and adhered to by Petitioners and to use that as a ground for revoking  
7 Petitioners' 1998 Standards is allowed to stand, the impact on Petitioners will be extremely detrimental.  
8 As explained in Section II.A.3., *supra*, if Petitioners are now forced to confine their operations to  
9 Sacramento County, they will not be able to expand their program statewide in the future given the  
10 amendments to Labor Code section 3075.

11 Notably, the Administrator conceded that

12 Here, DAS (that is, the arm of DIR with responsibility for overseeing apprenticeship  
13 programs) acquiesced in the enrollment of apprentices not residing in Sacramento  
14 County, and acquiesced in the providing of related and supplemental instruction through  
15 schools that were located some distance from Sacramento, and that were not identified in  
the existing standards as the source for such instruction. It may be inferred that PUAC  
acted in reliance on the express action of DAS in this respect. . .

16 (Administrator's Decision at 30:19-31:1 (A/R - Pldgs. filed w/ Administrator, Tab No. 15, Bates Nos.  
17 0749-750)).

18 The Administrator thus ruled, and CAC agreed, that "In view of the DAS's condoning of these practices,  
19 principles of equitable estoppel prevent the Department from imposing any adverse consequence on  
20 PUAC for its action in this respect." On estoppel grounds, the Administrator and CAC thus ruled that it  
21 would be inequitable to displace out-of-area apprentices already enrolled in Petitioners' program, yet,  
22 once again, neither made any finding regarding the inequity of revoking Petitioners' 1998 Standards on  
23 the grounds that the addition of new sources of related and supplemental instruction constitutes a new  
24 program, even though DAS instructed Petitioners that doing so was appropriate under their original  
25 standards.

26 Public Policy. No public policy will be nullified if CAC is estopped from overruling DAS policy  
27 because the public policy underlying federal and state apprenticeship law favors the promotion and  
28 expansion of apprenticeship opportunities for workers and thus supports the provision of related and

1 supplemental instruction on a statewide basis to allow for greater flexibility as to where and how  
2 apprentices can be employed and trained.

3 In sum, the CAC's decision that the addition of new sources of related and supplemental  
4 instruction constituted a "new program" subject to Section 212.2 should be estopped for the same reason  
5 that the holding regarding geographic area expansion should be estopped. Similarly, because Petitioners  
6 entered into contracts with various LEA's and instructors in reliance on DAS's above-described policy  
7 regarding the provision of related and supplemental instruction in remote areas (Black Decl. at ¶ 2),  
8 CAC's attempt to revoke that policy retroactively also constitutes an unconstitutional impairment of  
9 contracts, as described in Section II.A.4., *supra*.

10 For all the foregoing reasons, the Court should find that CAC's decision regarding additional  
11 sources of related and supplemental instruction constitutes an abuse of discretion.

12 **C. CAC'S HOLDING THAT THE 1998 REVISIONS TO PETITIONERS'**  
13 **STANDARDS CONSTITUTED A NEW PROGRAM BECAUSE PHCC**  
14 **RECRUITED APPRENTICES OUTSIDE SACRAMENTO COUNTY UNDER A**  
**DIFFERENT NAME IS CONTRARY TO LAW AND IS NOT SUPPORTED BY**  
**THE EVIDENCE**

15 CAC's final justification for deeming the 1998 revisions to Petitioners' standards to be a "new  
16 program" is that "PHCC recruited apprentices outside Sacramento County under a different name."  
17 Again, CAC has not proceeded in the manner required by law and its decision in this regard is not  
18 supported by substantial evidence because the only evidence in the record regarding the recruitment of  
19 apprentices outside Sacramento County under a different name involved a single incident that occurred  
20 in 1996 and was investigated and fully resolved at that time by DAS. To use this incident as the basis  
21 for revoking Petitioners' 1998 Standards years later smacks of double jeopardy and is contrary to the  
22 equitable doctrine of laches.

23 The incident at issue involved a letter written by Fresno Plumbers JATC to DAS in the fall of  
24 1996 concerning alleged recruitment in Kings County by an entity called the "Central California  
25 Apprenticeship Committee", which was suspected to be affiliated with PHCC-GSA-PUAC. Leonard  
26 Viramontes was asked to look into the matter by then-Chief DAS, Rulon Cottrell. (7/19/00 TR at 57:3-  
27 12; A/R - Exhibits, Vol. I, Tab No. 2, Bates Nos. 0168-169).

28 When Mr. Viramontes questioned Bob Nambo of PHCC-GSA-PUAC regarding the purported

1 out-of-area recruitment, Mr. Nambo did not know anything about it. (7/19/00 TR at 58:14-59:14; 87:1  
2 24; A/R - Exhibits, Vol. II, Tab No. 3, Ex. RP-9, Bates Nos. 0185-188). Upon further investigation,  
3 however, Mr. Nambo discovered that, indeed, a PHCC-GSA-PUAC subcommittee had been recruiting  
4 apprentices outside Sacramento County. Mr. Nambo then contacted Mr. Viramontes and admitted that  
5 the "Central California Apprenticeship Committee" was affiliated with PHCC-GSA-PUAC and that it  
6 had been recruiting apprentices in the Central Valley. (7/19/00 TR at 87:25-88:2). At that time, Mr.  
7 Viramontes informed PHCC-GSA-PUAC that it was not proper for PHCC-GSA-PUAC to recruit  
8 outside Sacramento County. (7/19/00 TR at 59:18-60:6).

9 After meeting with PHCC-GSA-PUAC, Mr. Viramontes met with representatives of Fresno  
10 Plumbers JATC and asked them to provide any additional information regarding alleged recruitment  
11 violations by PHCC-GSA-PUAC. Mr. Viramontes never received any such information and thus  
12 concluded his inquiry. (7/19/00 TR at 87:6-11). Mr. Viramontes testified that PHCC-GSA-PUAC  
13 immediately stopped all recruitment efforts in the Central Valley. (7/19/00 TR at 60:7-12). In fact,  
14 following that incident, and prior to January, 1998, Mr. Viramontes never received any other complaint  
15 that PHCC or any of its subcommittees were recruiting outside Sacramento County. (7/19/00 TR at  
16 61:14-20).

17 The California Constitution prohibits putting a person in jeopardy twice for the same offense  
18 (Cal. Const., art. I, § 15) and the equitable doctrine of laches provides that those who neglect their rights  
19 may be precluded from obtaining relief in equity if their delay prejudices the other party. (11 Witkin,  
20 Summary of Cal. Law (9<sup>th</sup> ed. 1990) Equity, § 14, p. 690). In this instance, Fresno Plumbers JATC  
21 complained to DAS about Petitioners' alleged recruiting under a different name almost five years ago  
22 and DAS, the agency charged with investigating such matters, properly investigated the incident and put  
23 an end to it. To use the same incident as grounds for revoking Petitioners' standards years later is  
24 inequitable and constitutes yet another flimsy and arbitrary excuse by CAC to suppress Petitioners'  
25 program.

26 D. CAC'S ORDER PROHIBITING PETITIONERS' FROM ENROLLING NEW  
27 APPRENTICES WHO RESIDE OUTSIDE SACRAMENTO COUNTY IS  
28 CONTRARY TO LAW AND IS NOT SUPPORTED BY THE FINDINGS OR  
EVIDENCE

1 CAC also failed to proceed in the manner required by law and acted in excess of its jurisdiction  
2 when it ordered Petitioners to cease "enrolling apprentices outside Sacramento California" because there  
3 is no statutory or regulatory prohibition against enrolling apprentices who reside outside the labor market  
4 area set forth in the program standards. In addition, CAC's order is not supported by the findings  
5 because even the Administrator conceded in his Decision that there is no statutory authority for such a  
6 limitation and he found that, prior to January, 1998, DAS had approved numerous Apprentice  
7 Agreements between Petitioners and apprentices who did not live in the Sacramento area.

8 Specifically, in the "Findings of Fact" portion of his Decision, the Administrator found as  
9 follows:

10 33. Some time after being assigned to the Sacramento DAS office, in August  
11 1996, Viramontes came across approximately thirty DAS-1 forms, that is forms signed by  
12 persons who were seeking an apprenticeship with PUAC. Each of these had been signed  
13 by a person who did not live in the Sacramento area, and none of the apprenticeship  
14 registrations had been approved by DAS. [FN]. DAS's failure to approve these proposed  
15 apprenticeship agreements was the subject of a meeting held in the Sacramento DAS  
16 office attended by Viramontes, Nambo [Petitioners' then-Program Director], Deputy  
17 Division Chief Rita Tsuda of DAS, John Prager, counsel for PUAC, and Fred Lonsdale,  
18 counsel for DAS. Prager urged the DAS staff to approve the pending apprenticeship  
19 agreements.

20 34. About one week after the meeting, Viramontes was told by his supervisor  
21 Mike Mortell, by telephone, to approve all the pending DAS-1's, regardless of the  
22 residence of the applicants. On October 8, 1996, Viramontes sent a memo to Tsuda  
23 confirming that he had been given these instruction, and that he would follow the  
24 instructions.

25 (Administrator's Decision at 17:17-18:11 (A/R - Pldgs. filed w/ Administrator, Tab No. 15, Bates Nos.  
26 0736-737)).

27 In the "Analysis" section of his Decision, the Administrator found:

28 It is essentially undisputed that PUAC, at least for some period of time prior to November  
1996, enrolled new apprentices without regard to the residency of the prospective  
apprentices. PUAC enrolled apprentices who did not reside in Sacramento County.  
Moreover, DAS was aware that a sizeable number of new PUAC apprentices did not  
reside in Sacramento, and approved the enrollments or registrations nevertheless.

(Id. at 26:4-10).

He also stated,

Some testimony was elicited during the hearing about the location of the new apprentice  
at the time the written application or agreement by the apprentice was signed. The  
testimony was inconclusive. In addition, neither Labor Code §3078 nor §3079 or any

1 *other provision of the Labor Code places restrictions on the locations of the parties to the*  
2 *agreement, at the time of signing of the agreement.*

3 (*Id.* at 26, fn. 25) (Italics added).

4 As the above findings demonstrate, there is no basis in law or fact for CAC's mandate that  
5 Petitioners stop enrolling apprentices who reside outside Sacramento California. Indeed, the  
6 Administrator conceded that there was no statutory foundation for such a limitation. Thus, by his own  
7 admission, the Administrator concluded that his decision to limit PHCC-GSA-PUAC to registering  
8 apprentices that reside in Sacramento County was not supported by the law.

9 **E. CAC'S ORDER THAT PETITIONERS CEASE RECRUITING AND**  
10 **ENROLLING APPRENTICES WHO RESIDE OUTSIDE SACRAMENTO**  
11 **COUNTY UNLAWFULLY DISCRIMINATES ON THE BASIS OF RESIDENCE**

12 Not only is there no statutory authority for CAC's order prohibiting Petitioners from enrolling  
13 any apprentice who resides outside Sacramento, but, in addition, such order is contrary to the  
14 fundamental constitutional rights of potential apprentices, as is its order prohibiting Petitioners from  
15 recruiting any apprentice who resides outside Sacramento.

16 The United States Constitution, through the Privileges and Immunities Clause and the Commerce  
17 Clause, prohibits any State or municipality from enforcing laws or ordinances which discriminate on the  
18 basis of state citizenship or municipal residency. (U.S. Const. art. 4, § 2, U.S. Const. art. 1 § 8; see also  
19 *Hicklin v. Orbeck* (1978) 437 U.S. 518, 524 [98 S.Ct. 2482]; *United Building and Construction Trades*  
20 *Council v. City of Camden* (1984) 465 U.S. 208, 215 [104 S.Ct. 1020]). In the absence of a "substantial  
21 reason" for discriminating against non-residents, a law or ordinance will be invalidated as  
22 unconstitutional. (*Hicklin, supra*, 437 U.S. at pp. 525-26.)

23 California has also invalidated laws by cities, counties or political subdivisions which  
24 discriminate against persons who do not reside in a certain district or county. (See *County of Alameda v.*  
25 *City of San Francisco* (1971) 19 Cal.App.3d 750 [97 Cal.Rptr. 174] [city tax on non-San Francisco  
26 residents is a violation of commerce clause of the Federal Constitution]). Since there is no specific State  
27 Constitutional provision making this type of discrimination illegal, courts have applied the Federal  
28 Constitution. (*Id.* at p. 754.) The distinction between interstate discrimination, and intercity  
discrimination "is in reality of little significance" since the same constitutional concerns and safeguards



1 apply. (*Id.* at p. 754.)

2           The basic policy underlying the commerce clause of the Federal  
3           Constitution—to preserve the free flow of commerce among the states to  
4           optimize economic benefits—is equally applicable to *intercity* commerce  
5           within the state.

6 (*Ibid.* (*Italics added*)).

7           CAC, acting under state authority, has unconstitutionally ordered Petitioners' apprenticeship  
8           program to cease recruiting and/or enrolling any employees who are not residents of Sacramento County.  
9           This, of course, has the effect of prohibiting any person from seeking enrollment in the program if they  
10          do not reside in Sacramento County. CAC's order is clearly discriminatory against non-Sacramento  
11          County residents, and prevents the free flow of commerce throughout California. In addition, CAC's  
12          order essentially prohibits Petitioners from recruiting or enrolling apprentices who live in counties  
13          adjacent to Sacramento, such as Yolo, San Joaquin, El Dorado, Placer, Sutter and Yuba. Each of these  
14          counties are within a normal commute from Sacramento County, yet CAC would arbitrarily forbid  
15          residents of these counties from learning the plumbing trade through Petitioners' program. CAC has not  
16          offered a substantial reason justifying its discriminatory order. In the absence of a substantial reason,  
17          CAC's order is an arbitrary discriminatory act against non-Sacramento residents.<sup>12</sup>

18          In light of the Administrator's findings and CAC's lack of legal authority in ordering Petitioners  
19          to stop enrolling apprentices outside Sacramento County, the Court should find that CAC abused its  
20          discretion in that it has not proceeded in the manner required by law and its order is not supported by the  
21          findings or the evidence in the record.

22          On the whole, it is clear that, in rendering its decision in this matter, CAC abused its discretion  
23          on multiple grounds by failing to proceed in the manner required by law and, in fact, by violating  
24          Petitioners' constitutional rights in numerous ways. To the extent that the Administrator and/or CAC  
25          bothered to make findings, those findings do not support the decision against Petitioners and are not  
26          supported by the evidence in the record. The Court should overturn the CAC decision on abuse of

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27               <sup>12</sup> In addition, CAC'S decision to prohibit Petitioners from posting certain information on its WEB  
28               page and to provide program information to sources outside Sacramento County violates Petitioners' First  
              Amendment Right of Free Speech.

1 discretion grounds and should order CAC to reinstate Petitioners' 1998 Standards.

2 **III. THE COURT SHOULD ISSUE A WRIT OF MANDATE DIRECTING CAC TO SET**  
3 **ASIDE ITS JULY DECISION AND RESTORE PETITIONERS' 1998 STANDARDS**  
4 **BECAUSE CAC FAILED TO GRANT PETITIONERS A FAIR TRIAL IN THAT THE**  
5 **INSTANT DISPUTE WAS NOT HEARD BY AN IMPARTIAL TRIBUNAL**

6 The last of the three inquiries permitted under Code of Civil Procedure section 1094.5(b) is  
7 whether there was a fair trial at the administrative level. CAC has utterly failed in this regard as well.

8 **A. THE MAJORITY OF CAC MEMBERS WHO PARTICIPATED IN THE JULY**  
9 **26, 2001 DECISION WERE BIASED MEMBERS OF CACA, WHO APPEARED**  
10 **AS AMICUS CURIAE ON BEHALF OF FRESNO PLUMBERS JATC**

11 The principles of due process determine whether the hearing granted by an agency was fair. It is  
12 well established that

13 where due process requires an administrative hearing, an individual has the right to a  
14 tribunal "which meets at least currently prevailing standards of impartiality." [Citation].  
15 Biased decision makers are constitutionally impermissible and even the probability of  
16 unfairness is to be avoided. [Citations]. The factor most often considered destructive of  
17 administrative board proceedings is bias arising from pecuniary interests of board  
18 members. [Citation]. Personal embroilment in the dispute will also void the  
19 administrative decision. . . [Citation].

20 (*Applebaum v. Board of Directors* (1980) 104 Cal.App.3d 648, 657 [163 Cal.Rptr. 831]).

21 Further, "due process questions are raised when the administrative agency's initial view of the facts  
22 based on evidence derived from non-adversarial processes as a practical or legal matter forecloses fair  
23 and effective consideration of the merits at an advisory hearing leading to the ultimate decision." (*Id.* at  
24 pp. 657-658.) In this case, Petitioners were denied due process and a fair hearing because the majority of  
25 the CAC commissioners who participated in the CAC Decision were either personally embroiled in the  
26 dispute or had a pecuniary interest in the outcome thereof.

27 As stated, the California Apprenticeship Coordinators Association (CACA) participated in this  
28 case on an informal basis as amicus curiae, advocating on behalf of Fresno Plumbers JATC and against  
29 Petitioners.<sup>13</sup> Indeed, in its Brief of Amicus CACA to CAC, CACA stated "The members of CACA  
30 have familiarized themselves with the issues presented in both the PHCC and IRCC cases, are aware of  
31 the Director's Decision currently under consideration by the CAC Appeals Panel and voted to fully

32 <sup>13</sup>CACA also formally appeared as amicus in the civil action before Judge Robie which preceded the  
33 administrative action

1 support the positions of Charging Parties in these matters." (CACA Amicus Brief at 2:14-17 (A/R -  
2 Pldgs. filed w/ CAC, Tab No. 6, Bates No. 0802)).

3       Petitioners' appeal was initially assigned to a panel consisting of CAC Commissioners Turchen,  
4 Pleuger and Cresci, who made a recommended decision. (A/R - Correspondence, Bates Nos. 1113-  
5 1114). At the July 26, 2001 CAC meeting where the recommended decision was presented to CAC and  
6 the final decision at issue was rendered, 11 commissioners were present. (See Minutes of CAC Regular  
7 Quarterly Meeting, July 26-27, 2001, attached as Exhibit 9 to Dohnt Decl. at ¶ 6). John Prager, one of  
8 the attorneys of record for Petitioners, was present at that meeting and recognized that at least four of the  
9 commissioners were members of CACA or were members of organizations which were CACA  
10 members. (See Declaration of John W. Prager, Jr. in Support of Petitioners' Application for Temporary  
11 Stay, filed with the Court on August 17, 2001, (hereafter "Prager Decl.") at ¶ 7. Mr. Prager accordingly  
12 requested that those commissioners recuse themselves from all consideration of the matter for two  
13 reasons: (1) conflict of interest and (2) because, without such commissioners participating in the  
14 consideration and voting, the CAC would not have had the requisite nine member quorum entitling it to  
15 act at that time on the CAC Appeals Panel Decision in the PHCC matter. (Prager Decl. at ¶ 7). None of  
16 the CAC commissioners recused themselves and all 11 members who were present proceeded to  
17 participate in the hearing and voted to affirm the CAC Appeals Panel Decision. (Prager Decl. at ¶¶ 7 &  
18 9). The eleven CAC members who participated in the vote to affirm the CAC Decision were:  
19 Commissioners Kropke, Callahan, Cresci, McEuen, Pearl, Zampa, Tolbert, Turchen, Balgenorth,  
20 Noonan (for Victoria Morrow) and de la Penna. (See CAC's Response to PHCC's First Set of Special  
21 Interrogatories No. 14 and Minutes of CAC Regular Quarterly Meeting, July 26-27, 2001, attached as  
22 Exhibits 1, 2 & 9 to Dohnt Decl. at ¶¶ 2 & 6).

23       Following the CAC Decision, in discovery related to the instant lawsuit, CAC admitted that at  
24 least three of the CAC members who voted on the PHCC matter were members of CACA, namely,  
25 Commissioners Zampa, de la Pena and Tolbert. (See CAC's Response to PHCC's First Set of Special  
26 Interrogatories No. 2, attached as Exhibits 1 & 2 to Dohnt Decl. at ¶ 2). CAC further admitted that at  
27 least two other CAC members who voted on the PHCC matter were members of organizations who were  
28 members of CACA, namely, Commissioners Balgenorth and Pearl. (See CAC's Response to PHCC's

1 First Set of Special Interrogatories No. 2, attached as Exhibits 1 & 2 to Dohnt Decl. at ¶ 2). CAC did not  
2 deny that other CAC members in addition to those five were also members of CACA; it simply claimed  
3 it did not know and it admitted that no member of CACA recused him/herself from participating in the  
4 vote to affirm the PHCC decision. (See CAC's Response to PHCC's First Set of Special Interrogatories  
5 Nos. 2, 4, 10, attached as Exhibits 1 & 2 to Dohnt Decl. at ¶ 2).

6 In addition, in its own papers, CACA describes itself as "a non-profit corporation consisting of  
7 representatives from every building trades joint apprenticeship committee in California." (CACA  
8 Amicus Brief at 2:8-10 (A/R - Pldgs. filed w/ CAC, Tab No. 6, Bates No. 0802)). Assuming this is an  
9 accurate statement, an additional three CAC members who participated in the PHCC vote were also  
10 either members of CACA or were members of joint apprenticeship programs that were members of  
11 CACA, namely, (1) Commissioner Callahan, who is a member of the 10 Bay Area Counties JATC,  
12 which happens to be the Real Party in Interest in the consolidated IRCC matter, (2) Commissioner  
13 Cresci, who is a member of the San Francisco Electrical Contractors Joint Apprenticeship Committee  
14 and was part of the three person appeal panel appointed to decide the PHCC matter, and (3)  
15 Commissioner McEuen, who is a member of the Joint Apprenticeship Trade Council for Ironworkers  
16 Local 378. (See Request for Judicial Notice and Dohnt Decl. at ¶ 3, Exhibits 3 & 4 thereto). This means  
17 that, of the 11 CAC members who voted to affirm the CAC Decision in the PHCC matter, eight were  
18 either members of CACA or were members of Joint Apprenticeship Training Committees who were  
19 members of CACA. In addition, Commissioner Pleuger was part of the three person appeal panel that  
20 made the recommended decision in this case, although he did not participate in the final vote.  
21 Commissioner Pleuger was employed as an Apprenticeship Administrator for the Orange County-Long  
22 Beach Joint Apprenticeship Committee, which, presumably is also a CACA member. (See Request for  
23 Judicial Notice and Dohnt Decl. at ¶ 3, Exhibit 4 thereto).

24 The CACA members' refusal to recuse themselves from the CAC decision in this matter violated  
25 Petitioners' due process rights as they clearly were not impartial decision makers. Rather, they had  
26 become personally embroiled in the dispute as amici, having caused their association to actively  
27 participate in and advocate a position directly contrary to Petitioners' interests in the very matter that  
28 came before them for adjudication. Significantly, although he did not participate in the vote directly,

1 Commissioner Kay was the attorney for CACA who initially sought amicus status on behalf of CACA in  
2 this case and filed CACA's Post Hearing Brief to the Administrator's Hearing Officer. (A/R - Pldgs.  
3 filed w/ Administrator, Tab No. 12). The CACA members' participation in this matter also placed them  
4 in the position of influencing the votes of other commissioners over a matter which they had,  
5 indisputably, prejudged. Finally, if the CACA members had recused themselves from deciding the  
6 PHCC matter as due process required, the CAC would not have had a quorum. Therefore, the CAC  
7 Decision is actually a nullity.

8 **B. CAC IS NOT AN IMPARTIAL TRIBUNAL IN THAT A MAJORITY OF ITS**  
9 **MEMBERS REPRESENT UNION APPRENTICESHIP PROGRAMS IN DIRECT**  
10 **COMPETITION WITH NON-UNION APPRENTICESHIP PROGRAMS LIKE**  
11 **PETITIONERS'**

12 In addition to the obvious conflict created by the participation of CACA members in the PHCC  
13 Decision, CAC is not an impartial tribunal for the added reason that a majority of its members represent  
14 joint union apprenticeship programs whose pecuniary interests in cases such as this are in direct conflict  
15 with Petitioners'.

16 As stated, the CAC is composed of 17 commissioners, 14 of whom are appointed by the  
17 Governor. Six members are supposed to represent management, six represent labor and two represent  
18 the public. (Lab. Code § 3070). Although it would seem that this composition would ensure equal  
19 management/labor representation in the council, in actuality, it did not. At the time of the CAC  
20 decision, at least five of the six employee/labor representatives<sup>14</sup> and five of the six so-called  
21 "management" representatives<sup>15</sup> were affiliated with joint (union) apprenticeship programs, as was one

22 <sup>14</sup>In a document entitled "Members of the California Apprenticeship Council", attached to CAC's  
23 Response to PHCC's First Set of Special Interrogatories No. 1, the Employee Representatives at the time  
24 of the CAC Decision in this case were identified as: Marvin Kropke, Gerritt Buddingh, Brad L. Plueger,  
25 Yvonne de la Pena, Bert Tolbert and Richard Zampa. Of those six, at least five were associated with  
26 union or joint apprenticeship programs as follows: (1) Kropke - International Brotherhood of Electrical  
27 Workers; (2) Plueger - Orange County-Long Beach Joint Apprenticeship Committee; (3) de la Pena -  
28 California Fire Fighter Joint Apprenticeship Program; (4) Tolbert - Southern California Operating  
Engineers Training Trust Local 12; (5) Zampa - Ironworkers Local 378. (See Request for Judicial  
Notice and Dohnt Decl. at ¶¶ 2 & 3 and Exhibits 1-4 thereto).

<sup>15</sup>Also in the document entitled "Members of the California Apprenticeship Council", attached to  
CAC's Response to PHCC's First Set of Special Interrogatories No. 1, the Employer Representatives at

1 of the "ex officio" members, Bob Balgenorth.<sup>16</sup> Such union apprenticeship programs are in direct  
2 competition with non-union programs like Petitioners' and will benefit directly if the expansion and/or  
3 operation of non-union programs in this state is curtailed. Indeed, Commissioner Pearl is a trustee for  
4 the Joint Apprenticeship Training Committee of the Plumbers and Pipefitters Local 342, a direct  
5 competitor of Petitioners' non-union plumbers apprenticeship program. (See Request for Judicial Notice  
6 and Dohnt Decl. at ¶ 3, Exhibit 4 thereto). As stated, Commissioner Callahan represents the very joint  
7 apprenticeship program that challenged the area expansion of IRCC in the consolidated action herein.  
8 (See Request for Judicial Notice and Dohnt Decl. at ¶ 3, Exhibit 3 thereto). In addition, a DAS  
9 Complaint was recently filed against the Western Electrical Contractors Association, Inc. Electrical  
10 Apprenticeship and Training Committee (WECA-ATC), a non-union apprenticeship program, by  
11 Alameda County Joint Apprenticeship Training Committee for the Electrical (Inside Wireman) Trade, a  
12 union apprenticeship program, seeking revocation of DAS's approval of WECA's statewide area  
13 expansion on the same grounds as those upheld by the CAC in the PHCC and IRCC matters. (DAS  
14 Complaint #200121) (See Request for Judicial Notice and Dohnt Decl. at ¶ 5, Exhibit 6 thereto). Both  
15 Commissioners Kropke and Cresci are affiliated with union apprenticeship committees in the electrical  
16 trades. (See Request for Judicial Notice and Dohnt Decl. at ¶ 3, Exhibit 3 thereto).

17 In sum, it is clear that non-union programs have no representation whatsoever on CAC and it is  
18 fundamentally unfair to allow an agency full of representatives of competing union apprenticeship  
19 programs with a pecuniary interest in the outcome of this dispute to sit in judgment thereof.

20  
21 the time of the CAC Decision in this case were identified as: Lawrence Kay, William Callahan, Charles  
22 Burke, Carole Cresci Colbert, Dennis McEuen and Dennis Pearl Jr. Of those six, at least five were  
23 associated with joint apprenticeship programs as follows: (1) Kay - attorney for CACA; (2) Callahan -  
24 10 Bay Area Counties JATC; (3) Cresci - San Francisco Electrical Contractors Association Joint  
25 Apprenticeship Committee; (4) McEuen - Joint Apprenticeship Trade Council for Ironworkers Local  
26 378; (5) Pearl - Joint Apprenticeship Training Committee of the Plumbers and Pipefitters Local 342.  
27 (See Request for Judicial Notice and Dohnt Decl. at ¶¶ 2 & 3 and Exhibits 1-4 thereto).

28 <sup>16</sup> In the document entitled "Members of the California Apprenticeship Council", attached to  
CAC's Response to PHCC's First Set of Special Interrogatories No. 1, Bob Balgenorth is identified as  
one of the "Ex Officio" Members of CAC; as CAC admitted, Mr. Balgenorth is president of the  
California Buildings and Trades Council, some of whose members are members of CACA. (See CA  
Response to PHCC's First Set of Special Interrogatories No. 2, attached as Exhibits 1 and 2 to Dohnt  
Decl. at ¶ 2).

1       Decisions by administrative agencies with similar compositions have been struck down  
2 repeatedly on due process grounds. In the seminal case, *Gibson v. Berryhill* (1973) 411 U.S. 564, 570  
3 [93 S.Ct. 1689], the issue before the Supreme Court was whether the Alabama Board of Optometry was  
4 a fair tribunal to determine whether it constituted unprofessional conduct for an optometrist to practice  
5 in that state as a salaried employee of a business corporation. The Board of Optometry consisted  
6 exclusively of privately practicing optometrists and included none who were either salaried or employed  
7 by business corporations. (*Id.* at p. 567.) The Supreme Court ruled that the Board of Optometry was not  
8 a fair tribunal for the determination of the unprofessional conduct charges because the Board of  
9 Optometry was composed solely of optometrists in private practice for their own account and "success in  
10 the Board's efforts would possibly redound to the personal benefit of members of the Board, sufficiently  
11 so that . . . the Board was constitutionally disqualified from hearing the charges." (*Id.* at pp. 578-579.)  
12 The Court explained, ". . . those with substantial pecuniary interest in legal proceedings should not  
13 adjudicate those disputes." (*Id.* at p. 579.)

14       In addition, in a series of cases involving franchise disputes between new car dealers and auto  
15 manufacturers in California, decisions of the New Motor Vehicle Board that were adverse to auto  
16 manufacturers were overturned on due process grounds because only the new car dealers had  
17 representation on the Board to the exclusion of the auto manufacturers. In the first of these cases,  
18 *American Motor Sales Corp. v. New Motor Vehicle Board* (1977) 69 Cal.App.3d 983, 985 [138  
19 Cal.Rptr. 594], American Motors notified one of its dealers that it was going to terminate his Jeep  
20 franchise for failing to develop sufficient sales volume. (*Ibid.*) The dealer filed a protest with the New  
21 Motor Vehicle Board ("Board") and a hearing was held. The hearing officer issued a proposed decision  
22 finding good cause for the termination, but the Board rejected the proposed decision and concluded that  
23 the termination was without good cause. (*Id.*) By statute, the Board was required to adjudicate franchise  
24 disputes between new car dealers and new car manufacturers and four of the Board's nine members had  
25 to be new car dealers but none needed to be new car manufacturers. (*Id.* at p. 987.) American Motors  
26 sought a writ of mandate from the trial court and, ultimately, the court of appeal ruled that the  
27 constitution of the Board, as an administrative tribunal, did not meet the requirements of due process  
28 because it was not an impartial tribunal. (*Id.*)

1 The court explained the conflict as follows: "The conclusion is unavoidable that dealer-members  
2 of the Board have an economic stake in every franchise termination case that comes before them. . . It is  
3 to every dealer's advantage not to permit termination for low sales performance, which fact however is  
4 to every manufacturer's disadvantage." (*Id.*) "[T]he objectionable feature of dealer-membership on the  
5 Board is the distinct possibility that a dealer-manufacturer controversy will not be decided on its merits  
6 but on the potential pecuniary interest of the dealer-makers." (*Id.* at pp. 987-988.) "Because the  
7 challenged Board members have a 'substantial pecuniary interest' in franchise termination cases  
8 [citation], their Mandated presence on the Board potentially prevented a fair and unbiased examination  
9 of the issues before it in this case, in violation of due process." (*Id.* at p. 992.)

10 Following the *American Motors* decision, the Legislature changed the applicable legislation to  
11 provide that, at a hearing on a dealer-manufacturer dispute, the dealer members of the Board could  
12 participate, hear and comment or advise other members, but they could not "decide" the matter.  
13 (*Chevrolet Motor Division v. New Motor Vehicle Board* (1983) 146 Cal.App.3d 533, 538-539 [194  
14 Cal.Rptr. 270]). In *Chevrolet Motor Division, supra*, another case involving a dispute over a franchise  
15 termination, the court of appeal held that "the presence of biased members on the Board presents a  
16 substantial probability that decisions in dealer-manufacturer disputes will be made on the basis of  
17 inappropriate considerations, and the fact that those members do not technically 'decide' the disputes  
18 does not alter that probability." (*Id.* at p. 541.) The court noted that the dealer Board members had a  
19 financial stake in every dealer-manufacturer dispute before the Board and commented that

20 Nevertheless, they are permitted to participate actively in hearings on dealer-manufacturer  
21 disputes, hear the evidence, and comment upon and advise other Board members in such  
22 matters. In other words, although they must stop short of actually voting on a dispute,  
23 they may take part in every other aspect of the decision-making process, despite their  
24 financial interest in the outcome of that dispute. . . Because of their ongoing working  
25 relationship, public members of the Board may be influenced by arguments or facts  
26 suggested by the dealer members but not included in the public record, and the parties  
27 themselves may not have the opportunity to respond.

28 (*Id.* (See also *Nissan Motor Corp. v. New Motor Vehicle Board* (1984) 153 Cal.App.3d 109, 113 [202  
Cal.Rptr. 1] [decision of the Board in a franchise termination case held void and null in its entirety  
because manufacturers were denied the right to a fair hearing by an adjudicatory body free from bias  
financial interest])).



1 Notably, it was not until the New Motor Vehicle Board began a policy of voluntary and total  
2 recusal of dealer members in all dealer-manufacturer disputes, such that the dealer-members did not  
3 participate in any way, that the court of appeal deemed the above constitutional defects to be cured.  
4 (*American Isuzu Motors, Inc. v. New Motor Vehicle Board* (1986) 186 Cal.App.3d 464, 470 [230  
5 Cal.Rptr. 769]).

6 It is well established that "the mere appearance of bias is sufficient to support a holding that an  
7 adjudicator cannot provide a fair tribunal when that adjudicator has a financial interest or economic stake  
8 in the controversy." (*American Isuzu, supra*, 186 Cal.App.3d at p. 473). In this case, there is, at the very  
9 least, an appearance of bias on the part of numerous CAC members who are affiliated with union  
10 apprenticeship programs and have an economic stake in this controversy, enough so that CACA was  
11 compelled to participate as amicus curiae. CAC admitted that none of the members of CACA, who were  
12 both financially interested and personally embroiled in this matter, recused themselves from  
13 participating in the PHCC decision. (See CAC's Response to PHCC's First Set of Special  
14 Interrogatories Nos. 4 & 10, attached as Exhibits 1 & 2 to Dohnt Decl. at ¶ 2). Moreover, as set forth  
15 above, the composition of the CAC is slanted in favor of one side of the controversy and thus is similar  
16 to that of the New Motor Vehicle Board because at least 11 of the 17 members are affiliated with union  
17 apprenticeship programs whose interests are directly adverse to the interests of non-union apprenticeship  
18 programs like Petitioner's and it does not appear that any of the members are affiliated with non-union  
19 apprenticeship programs. And, like the members of the Board of Optometry in *Gibson v. Berryhill*,  
20 *supra*, these CAC members have a pecuniary interest in the outcome of every dispute involving the  
21 expansion of non-union programs because if such programs are curtailed, the union programs will likely  
22 "fall heir to this business." 411 U.S. at p. 571. The participation of such interested parties in the CAC  
23 Decision in this case doomed the constitutionality of the administrative process and, thus, the decision  
24 should not be allowed stand.

25 C. THE STATUTORY PROVISIONS AUTHORIZING CAC TO ADJUDICATE  
26 PROGRAM APPROVAL DISPUTES CONSTITUTES AN UNLAWFUL  
27 DELEGATION OF JUDICIAL POWER TO AN ADMINISTRATIVE AGENCY

28 The statutory provisions authorizing CAC to adjudicate apprenticeship program disputes also  
constitutes an unlawful delegation of judicial power to an administrative agency. To wit, via California

1 Labor Code sections 3082 and 3083, the legislature has vested CAC with quasi-judicial powers.  
2 Specifically, Labor Code section 3082 provides "the determination of the administrator shall be filed  
3 with the California Apprenticeship Council. . . Any person aggrieved by the determination or action of  
4 the administrator may appeal therefrom to the California Apprenticeship Council, which shall review the  
5 entire record and may hold a hearing thereon after due notice to the interested parties." Labor Code  
6 section 3083 provides "The decision of the California Apprenticeship Council as to the facts shall be  
7 conclusive if supported by the evidence and all orders and decisions of the California Apprenticeship  
8 Council shall be prima facie lawful and reasonable." It has been held that "The essential characteristic  
9 of [a] quasi-judicial body is its fact finding power and the concomitant requirement to make a  
10 determination or adjudication of fact in connection with matters properly submitted to it after a hearing."  
11 (*People v. Sun Pacific Farming Co.* (2000) 77 Cal.App.4th 619, 636 [92 Cal.Rptr.2d 115, citing *Le*  
12 *Strange v. City of Berkeley* (1962) 210 Cal.App.2d 313, 323 [26 Cal.Rptr. 550]).

13 It is well settled that nonjudicial boards and officers may be vested with "quasi-judicial"  
14 power to determine facts and exercise discretion. [Citation]. However, the exercise of  
15 quasi-judicial power requires an impartial decision maker. [Citation]. As a result,  
16 legislative attempts to confer quasi-judicial power upon interested parties, such as boards  
17 comprised of industry representatives, have been condemned.

18 (*Id.* at p. 635.).

19 In this case, it is clear that the Legislature has conferred quasi-judicial power on CAC without  
20 ensuring that the commission is an impartial decision maker. As stated above, although the statute  
21 mandates an equal number of labor and management representatives, it does not mandate equal  
22 representation between union and non-union apprenticeship programs. As a result, the CAC has become  
23 stacked with commissioners who represent union apprenticeship programs and there is no representation  
24 of non-union programs.

25 In sum, an impartial decision maker is a fundamental part of the due process to which Petitioners  
26 were entitled in this proceeding and for all the foregoing reasons, this Court should find that Petitioners  
27 did not receive a fair hearing before an impartial tribunal. Accordingly, the CAC decision should be  
28 overturned.

### CONCLUSION

As the above review of the evidence, findings and applicable law in this case demonstrates, there

1 is no evidence that DAS was required by any statute, regulation or policy to process Petitioners'  
2 statewide expansion as a new program and CAC abused its discretion in holding otherwise. CAC then  
3 compounded the illegality of its holding by arbitrarily changing DAS policy and imposing it on  
4 Petitioners on a retroactive basis. As CAC impliedly recognized via its proper enactment of  
5 amendments to Section 212.2(a) this year, the superior method for effecting such policy changes is  
6 through rule-making under the Administrative Procedures Act, where advance notice is given and public  
7 comment can be solicited and considered state-wide.

8 CAC's decision that previously-approved area expansions must now go through the new program  
9 approval process not only impacts the PHCC and IRCC programs, it also impacts numerous other non-  
10 union apprenticeship programs that have been expanded by DAS through program revisions not subject  
11 to Section 212.2. In light of the revisions to Labor Code section 3075, it is unlikely that any of the  
12 affected programs would receive approval to expand today and great numbers of prospective apprentices  
13 will be disenfranchised, contrary to the public policy favoring the promotion of apprenticeship training  
14 opportunities.

15 For all the foregoing reasons, the Court should issue a writ of mandate commanding CAC to  
16 withdraw its July Decision and to restore Petitioners' 1998 Standards and statewide approval.

17 Dated: March 19, 2002

Respectfully Submitted,

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